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NEWS SUMMARY

BUSINESS

Recovery in gilts; equities down 6.5

GILTS recovered in late dealing. In early trade quotes were depressed by further 14 points by the January trade deficit. The late reaction brought levels only 1 below the overnight close. The Government Securities index closed 0.28 lower at 74.11.

• **EDF** did not respond to the gilt-edged recovery. The FT 30-share index closed only slightly above the day's worst at a six-month low of 452.2 for a fall of 6.5.

The U.S. State Department said last night that the Salisbury agreement appeared unacceptable since it had been made without the participation of the Patriotic Front guerrilla alliance. In London the Foreign Office said that an assessment could not be made without full details.

The road to settlement Page 20

and has publicly vowed to overturn any "sell-out" deal that might be reached.

The next six to nine months—within which time it is hoped to hold elections—will be crucial. As security conditions stand, it is hard—indeed almost impossible—to see how free elections could be held. Yet without elections international acceptance seems remote.

It is expected that Bishop Muzorewa, having moved so far on the constitution, will agree to join the multi-racial transitional Government which Senator Chief Jeremiah Chirau, one of the black negotiators, said he hoped would be established within a few days.

This administration, it is suggested, will be modelled on the plan put forward by Dr. Kissinger, the former U.S. Secretary of State, in 1976.

A key weakness of the agree-

ment is the fact that the militant Patriotic Front, which is waging war against the Rhodesian security forces, was not involved in the talks.

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Other reactions Page 2

Twenty of the 28 white MPs reached after 11 weeks of talks

between the Rhodesian Government and three domestic nationalist parties, is a 100-seat assembly in which there would be 72 black MPs elected on a universal adult franchise, application of those whites will be in the hands of the ruling Rhodesian Front.

The agreement in principle does not cover the vexed issue of the security forces, though it is understood that this was discussed to-day and a statement of intent on this issue may be released to-morrow with the detailed constitutional proposals.

The announcement was made at a common news conference, itself unique in this country, at which three smiling nationalist leaders joked with reporters, and Bishop Muzorewa, who until today had been holding up the negotiations, declared that he was "happy" with the agreed compromise.

Although Mr. Smith has hailed the agreement as "a victory for moderation," claiming that no one had to climb down, it is clear that Bishop Muzorewa did just that. He has clung to the common roll concept for the eight white MPs, out of 28, but only on the basis that the 16 candidates to be elected for the common roll by the whites should be effectively chosen by the Rhodesian Front, at least for the first election.

Twenty of the 28 white MPs reached after 11 weeks of talks

CBI accepts new talks on contracts

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE Government has made a conciliatory move to take the heat out of the argument with the Confederation of British Industry over the proposed use of new clauses in State contracts until the 21-day truce period is over.

At yesterday's CBI council meeting, as at the meeting of the top 100 companies on Tuesday, members endorsed the hard line taken so far by the confederation.

Mr. John Greenborough, president of the confederation, stressed again that the CBI argument with the Government at this stage is not over the need for pay moderation or the use of sanctions to reinforce the Government's pay guidelines. It is solely over the terms of the new Government contract clauses."

The CBI view is that the private sector of industry, judging by the number of days lost through industrial disputes at companies attempting to keep within the pay guidelines, is "doing more than enough" to be expected to keep pay in check."

The confederation's data base, which has been monitoring pay awards, shows that four out of five settlements have been at 10 per cent or less and most of the others have been between 11 and 15 per cent. This excludes settlements which include self-financing productivity deals.

Institute of Purchasing, Page 5

Wages outstrip prices

BY MICHAEL BLANDEN

THE GROWTH of earnings continued to accelerate in December and is now outstripping the rate of increase in retail prices.

The evidence suggests that earnings have risen at a rate well above the Government's 10 per cent guideline. But the Government continues to claim that its Phase Three pay policy is being observed in the great majority of settlements.

The underlying trend to December is obscured by the large number of workers who had delayed their settlements under the present policy. Since then, however, the pace has speeded up considerably, and the latest official thinking is still that with allowance for productivity agreements, the rise in earnings for the year to next July should be of the order of 12 to 14 per cent.

The Department of Employment reported yesterday that the index of average earnings rose by 2 per cent in December. Continued on Back Page

Ministers defeated over Scottish 40% clause

BY RICHARD EVANS, LOBBY EDITOR

THE V-VOTE future of the 40 per cent devolution legislation was in doubt last night after further humiliating defeats in the Commons for the Scotland Bill.

The only way the Government's proposals can take effect now is if there is a big turn-out in the proposed Scottish referendum this autumn and more than 40 per cent of the total electorate vote for a devolved Edinburgh assembly.

Frantic attempts by Ministers last night to delete the 40 per cent provision, or to substitute a lower hurdle of 38 per cent, were heavily defeated by a combination of Conservative MPs and Labour rebels.

A back bench amendment to delete 40 per cent and to restore the referendum result to a simple majority was lost by 298 votes to 243, and the amendment to substitute a lower hurdle of one-third—which Ministers were confident of winning—was lost by 265 to 240.

The scale of the defeat and the bustle of the debate means that there is a distinct danger that the Scotland Bill, the cornerstone of the last two Parliamentary sessions, might even be lost on third reading next week.

Ministers remained desperately anxious to secure the legislation in order to protect Labour's position against the challenge of the Nationalists. Their fear is that the inclusion of the 40 per cent clause will make the attainment of the devolution proposals impossible.

The tone of the debate on the Bill's report stage swung sharply against the Government during the evening with the Conservatives coming down in favour of the 40 per cent clause and with a hardening of purpose among Labour anti-revolutionaries.

About 44 Labour backbenchers voted against the Government and a further 20 or so abstained. The scale of the rebellion was

much as had been anticipated by the Government—but this is the major reason for casting doubts on the Bill's future. Hostility to devolution among Labour MPs seems to be increasing rather than subsiding.

There was also a division in the Conservative ranks with a number of MPs voting with the Government in favour of the simple majority for a consultative referendum. The Tories rebels included Mr. Edward Heath, former Party leader, Mr. Peter Walker, former Tory Industry Minister, and Mr. Alick Buchanan-Smith, shadow Scotch Secretary.

If the Bill secures its third reading next Tuesday or Wednesday, it then has to go to the Lords where it will receive a hostile reception and could well be riddled with more damaging amendments before its return to the Commons in the summer.

The Scottish National Party MPs put out a statement after

the divisions saying that Scotland would be shocked by the extent of the English backlash "which endorsed the ballot rigging 40 per cent provision in the referendum."

The 11 SNP MPs will consult their colleagues in Scotland over the weekend before deciding whether to vote for the third reading of the Bill. If they decide to oppose it, as some were threatening last night, the Government will only secure the Bill if it manages to secure the backing of many of the Labour rebels.

Parliament: Page 8

in New York

— February 1978 Previous

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Muted response to Speke plans

BY OUR INDUSTRIAL STAFF

A SURPRISINGLY muted plant "would not mean that the response from unions greeted proposal would be withdrawn" by British Leyland's decision to yesterday go ahead with the closure of its TR7 assembly line. The men on strike are to be called as soon as possible. It will be the works at Speke, Liverpool, and first meeting of the men for 12 weeks.

The strongest reaction came from the Cars Council, the top tier of Leyland's worker participation organisation, which pledged opposition to the proposals and complained about the "fundamental change of philosophy" since Mr. Michael Edwards took over as chairman.

The Speke workers, who were threatening a sit-in at the plant last night, are faced with either an all-out fight to stop transfer of production lines, or accepting generous redundancy terms.

Leyland made it clear that there was no going back on its decision to switch production. The company needed to do this because the car was being produced uneconomically. A settlement of the 18-week strike at the

threats of this yesterday, and the important Canley plant at Coventry, in which Leyland production is to transfer TR7 production, was reserving its position.

The Cars Council, declaring outright opposition to the closure, complained that the "open method of management" had been reversed, and that stewards would not accept being confronted with decisions already taken.

"Under the circumstances we have no alternative but to suspend further meetings of the stewards while we seek a meeting with Mr. Eric Varley, Industry Secretary, to discuss change in management methods and involvement in participation."

But it is clear that Mr. Edwards, who has left the company's negotiations in the hands of Mr. Pat Lowry, Leyland's personnel director, while he is on a visit to the U.S., trying to restore confidence in the U.S. dealer system, has cleared his lines with the Government.

News Analysis Page 7

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OVERSEAS NEWS

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NYTON Feb. 15. PRIME MINISTER Takeo Fukuda said today he will visit Washington sometime before July to discuss what Japan can do for the good of the world economy.

Mr. Fukuda, speaking to the Japanese press club, said worldwide economic stagnation caused by the 1973 oil crisis will face "even worse problems" if economic growth rate of the U.S. and Japan undermine their economies.

Japan's efforts will be made on the form of drastically reducing its trade surplus of more than \$10bn recorded last year, and achieving an annual gross national product increase of more than 5 per cent. for the next five years, he said.

The U.S., he suggested, should exert efforts to correct its "enormous" trade deficit by reducing, for instance, its oil imports to help stabilize the dollar, and other world currencies.

It was the reason the Prime Minister got his visit to the heads of the regional meetings. Mr. Muldoon the first days attended and declined.

Mr. Fukuda's invitation to private talks between him and Mr. Fraser had even clashed over various policies.

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NGKOK, Feb. 15. TO-DAY accused of executing several Cambodian Com who returned from a series of purges eliminating pro-Cambodian party. One came in a com over Radio Hanoi led a direct attack on its domestic policy by excessive xenogated nationalism. Dr. Comme Mulder, the Minister responsible for the Government's policy towards the black population in South Africa, has an improvement of the old announced that his Department because it contained no connotations of "Bantu Administration" and was positive in Development was to be renamed its implications.

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Fukuda to visit U.S. for further talks on world economy

Mixed Cairo reaction to F-5 deal

BY ROGER MATTHEWS

THE DECISION by President Carter to seek Congressional approval for the sale of 50 F-5E fighter aircraft to Egypt has been greeted by officials here and indeed whether such satisfaction and pressure if it came about would prove effective. They also point out that this is not pried by the Soviet Union and

whether President Carter is the first time that F-5Es have been supplied to an Arab country that Mr. Sadat's peace initiative has at least produced some hardware. This is particularly relevant given Egypt's anxiety over the aims of the Soviet Union and the ever-present threat of further hostilities with the Libyans.

Satisfaction, because this is the first time that the U.S. has agreed to Egyptian requests for offensive weapons and at the same time does indicate a willingness to take decisions that clearly offend the Israeli Government. Scepticism, because in the words of President Anwar Sadat, the F-5E is a advanced U.S. aircraft to Egypt and Saudi Arabia underlined the serious problems that the Administration is going to have when it tries to persuade Congress to approve the sale of the Middle East peace talks.

The Administration is not however senior officials, in fails to make significant progress made it clear yesterday that they would give Israel far fewer aircraft than it requested for peace. Despite Mr. Sadat's apparent satisfaction with his latest F-5s they want, until Egyptian officials openly doubt

INITIAL REACTION to President Carter's decision to sell to stop the sale. Mr. Theodore Bikel, chairman of the American Jewish Congress, said that by giving arms to the Arabs the U.S. Middle East peace negotiations are likely to make several trips between Cairo and Jerusalem if, as is widely expected, he is likely to make several trips between Cairo and Jerusalem.

The Soviet authorities announced earlier this week that the Syrian president Hafez al-Assad would be visiting the country soon.

Tass said Major Jalloud informed the Soviet leader about the decisions of a recent three-day summit of Arab leaders opposed to the Egyptian moves in Algiers to co-ordinate their opposition.

Problems for Carter in Congress

BY DAVID BELL

WASHINGTON, Feb. 15.

WILLING to exercise my real pressure on the Israelis to front-line state, as Jordan already operates them. However, the F-5Es will be useful addition to Egypt's ageing fleet of mainly MiG fighters. They also point out that this is not pried by the Soviet Union and

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Brezhnev in anti-Sadat discussions

CAIRO, Feb. 15. A PROMINENT MEMBER of the Libyan leadership, Major Abdel Salam Jalloud, to-day briefed Soviet President Leonid Brezhnev on Arab moves to counter Egypt's peace initiative towards the Libyans.

Major Jalloud, a former Prime Minister and now a member of the ruling secretariat of the Libyan People's Congress, also discussed the Somali-Ethiopian conflict. Tass news agency reported.

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Reuter

Sudan gambles on rapid development

BY LORNE BARLING, RECENTLY IN SUDAN

THE DASH for development in means of a siphon under a major river. Nevertheless, cost over-runs of this type have contributed to severe short-term economic problems in the Sudan which could have been avoided if some early returns from agricultural schemes had been available. At present the country is on the brink, with foreign debts of at least £1.5bn, and debt servicing obligations estimated at 40 per cent. of net export and invisible earnings.

Unfortunately, as the crop comes in at Rahad more difficulties are becoming evident. At least 17,000 tenants are required to work the initial 300,000 acres under cultivation and provide work and subsistence for at least 100,000 people directly involved.

The Rahad authorities have in desperation tried to persuade refugees who have fled from the war in Ethiopia (estimated at up to 1m. in the Sudan) to bring in the cotton crop but this has failed. Despite considerable incentives, it is now questionable whether the country's total population of only 17m. spread over 1.6m. square miles, can support projects of this kind without extensive mechanisation.

Equally problematical at Rahad is lack of power from the Sennar dam which, due to severe shortages all over the country, is providing only half the needs of the cotton ginnery. Like the whole infrastructure of the country, power supply is breaking under the strain of development—which has caused a vicious circle of investment creating the need for even more

While growth has been concentrated on schemes such as Rahad to provide a relatively quick return on capital, that income is being continually held back by road, rail and port bottlenecks, fuel shortages and now the worrying shortage of labour.

Rahad also has its own vast infrastructure of more than 800 houses, 18 workshops, schools, clinics and 100 miles of internal roads (at £18m. contract was recently awarded to McAlpine of the U.K.) which must all come into operation in the right sequence before the completion date of March 1980.

Under Rahad's agricultural plan, each tenant will be granted 22 acres of land to cultivate under the direction of field inspectors who will control crop rotation, seed supplies and overall policy but there are fears that plots of this size may be too great for one farmer and his family.

The key factor for investments of this kind and the country's future as a whole is the supply of water from the White and Blue Niles. The country now abstracts a daily volume of 14.5m. cubic metres of its Nile water allocation of 20.5 cubic metres, under agreement with Egypt. The remaining volume is earmarked for schemes such as Rahad.

Further development in the far south is therefore dependent upon one of the most ambitious and controversial projects in Africa, which will reclaim 4m. acres of swampland in the south desolate Sudd region in the south of the country.

Into this swamp the White Nile carried nearly 30m. cubic metres of water a day, but due to evaporation only 15m. cubic metres emerges in the north. The idea is to build a 175-mile canal from Jonglei, at a cost of nearly £100m., bypassing the swamp and providing enough water to irrigate a further 1.5m. acres of land.

The political and ecological reactions to the plan have been considerable, with student riots in the southern capital of Juba as a result of rumours that 2m. Egyptians (participants in the canal) would be settled in the area; and even more fanciful suggestions that climatic changes could turn surrounding areas into desert and dry up Kenya.

It is officially accepted, however, that population of about 750,000 nomadic people of local tribes will be faced with a great change in their environment. Their activities as fishermen and cattle farmers will be limited as waters are diverted away from pastures and smaller rivers.

These objections have apparently been rejected as less important than the great opportunities that an additional flow of water will provide and a example of a successful partnership in Africa. Investment by the West has clearly been deterred by the lack of results so far.

If projects such as Rahad and the many others now planned eventually prove successful in producing agricultural products at competitive prices, Western investors will perhaps have a available through the Arab change of heart. But by that Authority for Development and time their opportunity could Agricultural Development, to have passed.

New look for Pretoria Ministry

BY QUENTIN PEEL

JOHANNESBURG, Feb. 15.

A MAJOR element in the South African Government's response to the wave of black agitation and unrest in urban areas was revealed to-day—a new name for the Government department for Black Affairs.

Dr. Connie Mulder, the new Minister responsible for the Government's policy towards the black population in South Africa, has an improvement of the old announced that his Department because it contained no connotations of "Bantu Administration" and was positive in Development was to be renamed its implications.

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AMERICAN NEWS

Drop in oil revenue hits Venezuelan economy

By Joseph Mann

CARACAS, Feb. 15. THE VENEZUELAN Government, affected by lagging demand for petroleum in recent weeks on its chief export market, is now facing the challenge of sharp drop in oil revenues for the current year.

President Carlos Andres Perez and his ministers discussed the problem at length yesterday during a Cabinet meeting. Afterwards, the Finance Minister, Sr. Luis Jose Silva Llorente, stated that the government had the situation "under control," but added that he saw no recovery in oil sales until after June.

However, sources in the petroleum industry here were more pessimistic about the question and said that the Government would face a "serious" decrease in revenues this year.

Statistics released by the government last weekend show that Venezuelan crude oil production between January 1 and February 8 was 1.7m. barrels per day, representing a drop of 25.5 per cent from that in the equivalent period last year.

The government has based its budget for 1977—now estimated at about \$10.2bn., on average crude oil production of 2.2m. b/d.

Meanwhile, the government is in the process of implementing the most ambitious and costly developmental programme in the history of the country. However, a regular flow of petroleum revenues is the main source of funds for the programme. Last year alone, oil receipts provided the Government with almost three-quarters of its regular income.

Venezuelan petroleum exports to the U.S. East coast—traditionally the most important market for Venezuelan oil—have been cut recently by oil sold at discount by other OPEC members, oil industry executives said. Informed sources here said that Venezuela is now facing a situation where it must also discount in order to sell more oil, or accept revenues considerably lower than national development plan targets.

As a staunch defender of OPEC pricing policy and a founder member of the organisation, Venezuela has refused to sell oil at a discount on a regular basis, and is marketing its crude and refined products at OPEC prices.

In the present situation, Venezuela will face a sharp drop in oil revenues this year. No official estimates have been published yet on how much revenues could drop.

Thus far, the government has taken the position that oil exports will improve later in the year, and that government spending plans will not be seriously affected.

The Finance Minister stated in an interview published on Tuesday that some "adjustments" would be made in "low priority" government programmes, if that proved necessary.

He stressed, however, that "government programmes in priority areas such as education, health, production and construction of basic infrastructure will not be affected."

Guyana shuffle

Mr. Rushleigh Jackson, the Guyana permanent representative to the UN for the past six years, has been named the new Foreign Minister, our Georgetown correspondent writes. He succeeds Mr. Fred Wills, who resigned on Monday for medical reasons. The Justice portfolio, which was also held by Mr. Wills, has gone to Dr. Mohamed Shahabudeen, who retains his post as Attorney-General. The number of Cabinet ministers has increased by one to a total of 24. A new UN ambassador is to be named shortly.

Jet fighter inflation

The estimated cost of the F-14 jet fighter for the U.S. Navy is climbing by more than 45 per cent to \$20.7m. each, according to Defence Department sources, as quoted by AP-DJ in Washington. They said that a quarterly report will show that the cost of an F-14 is up by about \$9.3m. The price of an F-18 fighter—which the Defense Secretary, Mr. Harold Brown, calls "a low-cost complement to the F-14"—is rising by about \$2.2m. to \$18m. each.

Meanwhile, the Defence Department has told Congress that it intends to sell Indonesia 16 Northrop F-5 jet fighters for an estimated \$25m. The proposed sale, which Congress has 30 days to disapprove, would include 12 F-5E Tiger jets and four F-5F two-seater trainers.

Ex-CIA agent sued

The U.S. Government sued a former CIA agent, Mr. Frank Sneed, yesterday for the money he has made from his book criticising the Central Intelligence Agency. Reuter reports from Washington. The complaint, filed by the Justice Department in a federal court in Virginia, charged Mr. Sneed with "unjust enrichment." It asked the court to assess his profits from the book. Decent Interval, so that they can be forfeited to the Government.

U.S. company news

Morgan Stanley rates: Textron results: AT&T lifts pay-out

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Coal employers yield to pressure for new pay talks

By JOHN WYLES

U.S. MINING employers agreed to resume peace talks to-night to try to end the 72-day coal strike. Their decision followed White House pressure prompted by the suggestion that the Administration had to exercise strong

clauses to say what they were. The stern language of the letter which the association initially sent to Mr. Marshall this morning suggests that the Administration had to exercise strong

pressure to end the deadlock.

Referring to rebel miners' occupation of the union's Washington headquarters last Friday, which delayed the council's meeting, the employers said they would not discard the results of four months' hard bargaining merely because a "crowd of rowdies" prevented a lawful meeting.

As far as can be established, the union has not yet spelled out which aspects of the proposed agreement it is objecting to.

Militant strike leaders, however, are campaigning against clauses which would punish wildcat strikers and diminish health and welfare benefits.

Whatever the outcome of the negotiations, it now appears certain that an end to the strike will not come in time to prevent disruption of industrial production in parts of Ohio, Indiana and West Virginia, where electricity supply companies are being forced to cut their output because of rapidly dwindling coal supplies.

Men and Matters, Page 20

This brought a swift behind-the-scenes response from White House staff and Mr. Marshall, which resulted in a midday announcement by Mr. Jody Powell, the Presidential spokesman, that the employers had changed their minds and would meet the union in the White House tonight.

Mr. Powell indicated that the Bituminous Coal Operators Association had set some conditions for resuming the negotiations which Mr. Marshall had been able to satisfy, but he

persuasion to achieve the employers' volte-face.

The coal operators said the President should first deal with the United Mineworkers Union which they said was responsible for the present impasse after its

NEW YORK, Feb. 15. TWO CONTRACTS totalling £40m. were signed yesterday in Moscow between the Soviet trade organisation, Techmashimport, and the Far European Group, a subsidiary of Babcock and Wilcox Ltd.

The contracts are for highly mechanised materials handling and process equipment for two new tyre factories at Cimkiy and Beltsa Zerkou. When they come on stream in 1980, the plants will produce 50,000 tyres a day.

These contracts follow two similar ones awarded in 1975 for another two Soviet tyre factories which will commence production shortly.

• Czechoslovakia and the Soviet Union have signed an agreement on deliveries of Soviet natural gas to Czechoslovakia and the use of the Czech transit pipeline for deliveries to Western Europe, according to Ceteca news agency. Reuter reports from Prague.

According to the agreement 13.5bn. cubic metres of gas will be pumped annually through Czechoslovakia to Western European countries from 1981.

The deliveries of Soviet natural gas will be in line of Iranian gas purchased by these countries which will in turn be delivered to southern parts of the Soviet Union.

Czechoslovakia will also be getting 3.6bn. cubic metres of gas purchased in Iran in the same manner.

To ensure the deliveries, Czechoslovakia will build a third line of its transit pipeline—two lines are already in operation—and by 1984 the total capacity of the transit system will be 53,000 m. cubic metres. Ceteca said.

Men and Matters, Page 20

Sharp decline in retail sales

BY OUR OWN CORRESPONDENT

A SUBSTANTIAL drop in retail sales last month in the U.S. coincided with a continued weakening of the dollar and uncertainty about the future of the coal strike. Today helped to plunge the largest U.S. stock market to its lowest level in 34 months to date.

At its close this afternoon, the Dow-Jones industrial average of the New York Stock Exchange stood at 761.88. The previous low for this year was recorded on January 26 when the index closed at 763.34. The last time it was lower was on April 8, 1975, when it ended the day at 749.22. The malaise also afflicted the American Stock Exchange which was off 0.21 at 123.46, and the over-the-counter market where the Nasdaq composite index was down 0.22.

Then other news took the index down to a loss of 3.47, which means a decline of 12.7% in the last two days. In mid-afternoon, the Commerce Department announced that retail sales had dropped by 3.1 per cent last month to a seasonally-adjusted figure of \$11.2bn. Excluding car sales, retail sales fell by 2.2 per cent last month.

The dollar has again become a big preoccupation on the Stock Market since the weekend trip to Europe by Mr. Michael Blumenthal, the Treasury Secretary. In New York trading to-day, the U.S. currency weakened

against the European closing prices of the Deutsche mark, the Swiss franc, the French franc and sterling.

Men and Matters, Page 20

NEW YORK, Feb. 15. CONGRESS IS now preparing to mount its first serious challenge to the President over trade policy following his unexpected refusal to grant U.S. manufacturers of metal fasteners higher tariffs to protect them from burgeoning imports.

Senator John Glenn of Ohio will introduce a motion in the Senate next week calling on Congress to override the President's action which it has the power to do under the 1974 Trade Act. Later in the month—on February 27—the House Ways and Means Sub-committee on Trade will hold hearings to consider whether it should recommend the full House to set aside Mr. Carter's decision.

Ironically these moves coincide with the start of the Administration's steel import "trigger price" system which comes into effect on February 21. On that day the Treasury Department is due to begin monitoring most steel imports. However officials have yet to set trigger prices for such products as pipe and tubes, small structural shapes, flat bars and wire and wire products.

It is by no means yet clear how this will affect steel import levels. Figures released on Monday show that last year the U.S. imported a record 19.3m. tons of steel or 17.8 per cent of the nation's total steel supply.

An existing agreement granting credits at favourable rates for the financing of export transactions and due to end on April 30, will be extended until the end of October, 1978.

At the same time, the circle of exporting firms eligible for these bill-of-exchange credits of

up to six months' maturity will be expanded. While hitherto the Swiss Bankers' Association have decided to extend export credit facilities to exporters facing liquidity difficulties resulting from the state of the economy and the exchange rate.

An existing agreement granting credits at favourable rates for the financing of export transactions and due to end on April 30, will be extended until the end of October, 1978.

Nevertheless these figures have added further fuel to the flames of the Congressional argument in favour of protectionism.

Men and Matters, Page 20

Better prospects for aid to NY

BY OUR OWN CORRESPONDENT

THE SEE-SAWING prospects of renewal of the loan programme pension funds. New York City getting badly and for federal guarantees which

needed federal financial aid tilted would enable the New York pension fund to do more for New York, the report favourably yesterday after post-state pension funds and banks to invest in the long-term city says the Treasury Secretary and from Mr. Henry Reuss, chairman of the House Banking Committee.

Both took issue with a report from the Senate Banking Committee that New York city could weather its continuing financial crisis without further federal aid, once the House sub-committee on the city's request for finance.

Mr. Blumenthal said yesterday that he thought "some time of continuing assistance" would be required from the federal government and added that details of administration proposals would be revealed when he testifies on March 2 to a special sub-committee of the House Banking Committee.

Mr. Reuss went to the length of issuing a joint statement yesterday with Mr. William Moorhead, chairman of the House sub-committee handling the city's request for finance.

Journal report this morning, they expressed the view that

Administrations is leaning towards the provision of long-term guarantees for city bonds, but its proposals would fall short of the city's request for guarantees covering 90 per cent of the new fiscal year, and most have suggested that federal assistance for this financing, probably not as much as the current maximum of \$2.25bn. it wants to sell to the new mayor, Mr. Edward Koch, have been pressing for a

as much as the current maximum of \$2.25bn. it wants to sell to the new mayor, Mr. Edward Koch, have been pressing for a

NEW YORK, Feb. 15. CONGRESS IS now preparing to mount its first serious challenge to the President over trade policy following his unexpected refusal to grant U.S. manufacturers of metal fasteners higher tariffs to protect them from burgeoning imports.

Senator John Glenn of Ohio will introduce a motion in the Senate next week calling on Congress to override the President's action which it has the power to do under the 1974 Trade Act. Later in the month—on February 27—the House Ways and Means Sub-committee on Trade will hold hearings to consider whether it should recommend the full House to set aside Mr. Carter's decision.

Ironically these moves coincide with the start of the Administration's steel import "trigger price" system which comes into effect on February 21. On that day the Treasury Department is due to begin monitoring most steel imports. However officials have yet to set trigger prices for such products as pipe and tubes, small structural shapes, flat bars and wire and wire products.

It is by no means yet clear how this will affect steel import levels. Figures released on Monday show that last year the U.S. imported a record 19.3m. tons of steel or 17.8 per cent of the nation's total steel supply.

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Nevertheless these figures have added further fuel to the flames of the Congressional argument in favour of protectionism.

Men and Matters, Page 20

Canada energy development plan

BY VICTOR MACKIE

A MASSIVE energy development programme, unveiled at the economic conference of Canadian Prime Ministers by the federal government, has provided another sign to opposition MPs that General Election is to be held in the spring in Canada.

The Federal Energy Minister, Mr. Alastair Gillespie, who announced the programme to the provincial Premiers, was confident that the federal and provincial governments would agree on the \$180bn. commitment to energy development in the hope of creating 1m. new jobs in the next decade.

Mr. Gillespie told the meeting that the projects would involve spending of \$55bn. by the federal and provincial governments, as well as private industry. However, estimates of some projects had not been prepared, and total spending on energy by 1990 is estimated at \$180bn.

The Minister acknowledges that some of the jobs included in his total are on projects

already under way, such as the James Bay project, on which construction started in 1974 and will continue until 1985. Some of these jobs already available.

Regarding the rough estimate of 1m. jobs, Mr. Gillespie said that half of them are on projects already committed, such as the natural gas pipeline from Alaska. The remainder would come on new projects which could be approved with co-operation between Ottawa and the provinces. The projects include oil and natural gas pipelines from the north, more nuclear development, additional coal mines, and construction of more plants to produce oil from the Alberta tar sands.

OTTAWA, Feb. 15. SENIOR REPRESENTATIVES OF Compagnie Francaise des Petroles are to arrive here later this week to advise the Government on oil and natural gas issues.

The understanding was not specific to the size, but the Peruvian officials said that they hoped for \$260m. from a large group of international banks.

The agreement followed two days of meetings with representatives of both the U.S. Canada Japan and Europe.

Sr. Alvaro Meneses, the spokesman for the Peruvian group, said that the loan would be linked to implementation of a Government programme calling for sharp reductions in the Peruvian balance of payments deficit. The country, which is heavily in debt to commercial banks, has been having severe financial problems.

Final negotiations for the loan will be conducted through an international steering committee.

While the maturity of the loan has not been decided, the spokesman said that the delegation believed it is feasible to arrange a seven-year credit, including a three-year grace period.

With the development of Bombay High to a peak annual capacity of 10m. tonnes of crude by 1980, ONGC's find will be saving the country some \$4m. each day at present day prices. ONGC officials here

hope that further strikes both

offshore and onshore will bring the country nearer to self-sufficiency.

At least 6 exploratory wells are planned this year on the coast of Kerala state, the Andaman Islands and in the Bay of Bengal and in Tamhini state in waters given up by the Canadian Asmatas group which has a concession there.

This will raise Bombay High's

existing production of 80,000 barrels a day by more than

three times and also enable it to use the associated gas now being flared. The scheme involves use of another 10m. cubic metres of natural gas daily from the adjacent South Basin field.

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HOME NEWS

Morgan Guaranty to lease Angel Court

By John Brennan,
Property Correspondent

IN ONE of the largest City of London office lettings in recent years, the U.S. corporate bank, Morgan Guaranty Trust of New York, has agreed to lease the whole of the Clothworkers' Company's 229,400 square feet Angel Court block.

Angel Court, a 19-storey octagonal tower in Throgmorton Street near the Stock Exchange, is on land owned for centuries by the Clothworkers, one of the City's principal Livery companies.

The £15m. development was financed by Electricity Supply Nominees, the pension fund of the electricity supply industry, and is due to be completed in June.

The Clothworkers' letting agents, Richard Ellis and St. Quintin Son and Stanley, had been asking a rent of £2.8m. for the whole building. This represents a premium City office rent of £17.50 a sq. ft, boosted to an effective cost of about £21.50 a sq. ft, by rates and service costs.

• Islington Council has agreed to a 172,000 sq. ft. £8m. office development scheme by the New River Company on the southwest corner of the Angel crossroads. New River was acquired by Lord Rayns' London Merchant Securities in 1974.

British Steel calls off joint stock venture

Financial Times Reporter

THE BRITISH Steel Corporation and two French companies comprising the Levy Group have decided not to go ahead with a jointly-owned steel stockholding business in France because of the world recession in the steel industry.

Two executives from the Levy Group, however, have agreed to act as advisers to British Steel's steel stockholding business. They are Monsieur Pierre Levy, president of the Levy Group and Monsieur Jacques Dreyfus Schmidt, managing director.

Ninian four months behind schedule

By RAY DAFTER, ENERGY CORRESPONDENT

DEVELOPMENT of the Ninian Field—the third largest in the U.K. sector of the North Sea—has fallen about four months behind schedule.

The delay will mean that some 10m. barrels of oil production worth about £70m. will be held up.

It is understood that the development costs of the Ninian Field have also risen substantially in recent months.

The offshore consortium, led by Chevron Petroleum, now faces a bill of about £1.5bn., £200m. more than envisaged in August last year and some 50 per cent. more than the estimated cost a little over a year ago. Since then, however, Chevron has decided to re-think the field through three As the modules were fabricated in U.K. yards it is possible that

details of a complete project were given by Chevron yesterday. The first oil from the field should now flow this autumn. The field, with 1.2bn. barrels of recoverable reserves, is expected to yield oil at a peak rate of about 360,000 barrels a day in 1981.

Chevron, a U.S.-based oil group, said the delay in starting production was blamed on severe weather in the North Sea and the need to complete offshore work on platform production and accommodation units that should have been done in fabrication early May.

It is understood that the consortium has been unhappy about the quality of workmanship in offshore developments. Some of the modular units have been delivered to the first oil coming ashore at Sullom Voe Oil Terminal, Shetland, in the spring. Mr. John Cooper, BP's general manager of the oilfield, said yesterday. The first oil would now not arrive until mid-September, he said.

Shipbuilders 'on way to loss'

By IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS' companies in the last full year before nationalisation made an estimated pre-tax profit of £2.5m., well below the £10m. of the State corporation is likely to normalise,"

market situation. British Shipbuilders says that it and other European shipyards will continue to require Government assistance to "winning orders" at least until market conditions return to normal.

This is a reference to the view published yesterday.

The £2.8m. profit figure, which request which British Shipbuilders has made to Government and unaudited figures from a continuation of the Shipbuilding Intervention Fund, which was set up last spring with a £21.5m. in 1975. The review by British Shipbuilders says that this declining trend is bound to continue as orders placed in the shipping boom of 1973-74 dry up during the course of this year.

Because of this "critical

market situation, British Shipbuilders says that it and other European shipyards will continue to require Government assistance to "winning orders" at least until market conditions return to normal."

Detailed proposals for the fund will then have to be submitted to the EEC, which will want to know what intention the corporation has to restructure its yards during the life of the aid programme.

This is likely to lead to a clash of opinion, as the review makes plain the British Shipbuilders view that because the output of the UK shipbuilding industry has remained static at around 1.2m. gross tons per year, offset British yards' lack of price competitiveness with yards in Far East.

About £10m. of the fund remains, but the Government is now putting the final stakes to a

new fund, which is likely to be slightly larger than the present one.

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Whitehall pays £34m. to coal pension fund

By John Lloyd

THE Government is to compensate the National Coal Board for money paid to reduce the deficiency in the miners' pension fund. It will pay £34m. to cover payments made to the fund by the Board this financial year.

A draft order was laid before parliament yesterday which must be approved formally before the grant is paid. The deficiency relates to Board pensioners who left employment before April 1975.

A second draft order will extend schemes for the payment of benefits and the provision of concessionary coal to redundant miners and other Coal Board employees who are made redundant over the next three years.

The Government has paid the costs of redundancies by agreement with the Board, since 1965.

The level of minimum benefit payable goes up from £5.23 a week to £6.16 a week, in line with the increase in miners' pensions.

Rent allowance is increased from £1 to £1.50p.

"We warned of this danger at the end of last year, as worldwide market lethargy intensified overcapacity problems," he said.

The level of minimum benefit payable goes up from £5.23 a week to £6.16 a week, in line with the increase in miners' pensions.

Rent allowance is increased from £1 to £1.50p.

"The change in sterling from around \$1.70 to its present \$1.93 is equivalent to erecting a 13 per cent. barrier against UK exports and an equivalent bonus favouring imports."

The U.K. has thus become an attractive market for imports, and export volume can only be

Chemicals big factor in U.K. trade deficit

By KEVIN DONE, CHEMICALS CORRESPONDENT

THE CHEMICAL industry's maintained by pricing policies trading performance last month which encourage retaliation in the U.K. domestic market has emerged as one of the main reasons why the U.K. slipped imports back into deficit on its current account in January for the first time.

Imports of chemicals jumped to £279m. in January compared with only £189m. in December, while exports dropped to £302m. from £338m. in the preceding month.

"In the more specialised product areas and higher unit value market segments, it appears that U.K. producers are still holding their position," Mr. Trowbridge added.

"Some of the fluctuation in the chemical figures could be explained by erratic seasonal adjustments and it is still too early to determine a firm trend."

Month-by-month trade figures for Chemical and Allied Products

	Exports	Imports	Surplus
Jan.	288	211	75
Feb.	290	198	92
March	303	196	107
April	308	196	112
May	310	194	116
June	328	243	125
July	366	210	156
Aug.	310	203	107
Sept.	359	186	173
Oct.	315	196	119
Nov.	313	184	129
Dec.	339	189	150
Jan. 1978	302	227	73

Cashless society moves closer

By Our Consumer Affairs Correspondent

THE PROSPECT of a cashless society edged closer yesterday when the Retail Consortium agreed to set up a joint committee with the clearing banks to study the application of electronic funds transfer systems in the shops. A pilot scheme will come into operation within the next two years.

Electronic funds transfer systems could mean that instead of paying with cash or cheques, customers would pay with a plastic card which could be fed into an in-store terminal.

This would be connected to the customer's bank account, through a computer system, to confirm that the funds were available and debit the account.

Backing for the system has so far come from the banks, but some retailers believe it could cut bad debts and save money.

However, the cost of such a development would be high and the committee will try to determine if they could be recouped.

Public ignorant of pension scheme'

THE BRITISH public is largely ignorant of the implications of the new State pensions scheme, according to Antony Gibbs Peabody Services, after a survey at the gates of large factories in the London area.

The scheme starts on April 6 but not until interviewee number 844 did the survey find someone with a good idea of how it would work. And he understood it only because his wife, an employee of the Department of Health and Social Security, had coached him.

Mr. Graham Puttershill, chairman of Antony Gibbs, criticised the new system as a "tangled mess" of complexities." In a speech made yesterday to an employers' conference, he said that exports of chemicals to the rest of Western Europe had suffered a dramatic decline in 1977, from £100m. a year to £70m. a year.

Despite recent technological advances, distribution accounts, haulage, and management should be given more attention to for as much as 10 to 30 per cent. of total direct costs.

About 31 per cent. of the value available.

penetration of technology into distribution, commercial systems into distribution, and management should be given more attention to for as much as 10 to 30 per cent. of total direct costs.

With the introduction of the new pension legislation to enable the pensions industry, employers and the public to get to grips with administration of the new system.

Mr. Puttershill said that there should be a five-year moratorium on pension legislation to enable the pensions industry, employers and the public to get to grips with administration of the new system.

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HOME NEWS

Synch to
marden
position
on unity

Giles Merritt

GENIFECT HARDENING
An Irish Government's position on Irish reunification is expected to be declared this weekend by Mr. Jack Lynch, Republic's Prime Minister, as his Fianna Fail party's U1 conference.

Lynch, it is understood, will seek big extensions to periods.

The present Budget Fare

between London and New York

is £64 westbound, and £85 single eastbound. All the proposed new fares offer substantial reductions on normal economy class fares.

Budget Fares, first introduced

last autumn to meet competition from the Laker Skytrain,

enable a passenger to give the airline at least 21 days' notice

of the date on which he intends

to travel. The airline in return

gives him seven to 14 days'

notice of the flight he can take.

U.S. cities from London.

Pan Am wants to offer Budget

Fares (westbound) between

London and Boston at £63

singles to Detroit at £74; to

Houston, £78; Los Angeles and

San Francisco, £89; to Portland

(U.S. West Coast), £87;

Pan Am, together with British

Airways and TWA, also offers agreement on a new fares policy

Stand-by fares at the same rates for the North Atlantic from

London and New York. April 1 failed, with no plans for

For the eastbound flights to

London, the single Budget Fares

for passengers prepared to turn resumption of the talks.

Pan Am to seek big cut in fares to U.S.

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BATTLE for cheaper fares would be: Boston, £63; Detroit, up on the day of travel and take a chance on getting a seat. Pan Am also wants now to introduce Stand-by fares between London and Boston and Houston.

"The three" airlines on the with slightly higher rates in peak

route, to seek big extensions to periods.

Pan Am's plans require the approval of both the U.K. Civil Aviation Authority and the U.S. Civil Aeronautical Board. But there is some doubt in the U.K. civil aviation industry whether the authority will endorse the proposals. British Airways will wait to see what happens before it decides what to do.

Differences

The reason is that the U.K. feels the move towards cheap fares has gone far enough, at least for the present, while the U.S. believes they should go much further.

Because of these differences of

opinion, efforts by the two bodies

in addition to Budget Fares, view, efforts by the two bodies

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Airways and TWA, also offers agreement on a new fares policy

Stand-by fares at the same rates for the North Atlantic from

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For the eastbound flights to

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for passengers prepared to turn resumption of the talks.

Rise in bank lending forecast even if 'corset' curbs return

BY MICHAEL BLANDEN

A SHARP rise in bank lending restraints. "It is clear that the interest rate weapon is regarded as quite ineffective for quick into bank charges which in time results."

Nevertheless, it is expected of overheads to be recovered

that interest rates will rise through charges.

They suggest that if the money average base rate of the banks recent rights issue by supply appears to be in danger is likely to remain more than 1% Midland Bank, that at least one of exceeding permanently official per cent under last year's more rights issue is a strong targets, the Bank will bring back average of 3.93 per cent. possibility this year.

Research into gambling 'needed'

JAMES MCDONALD

OUGH there is little or no about the distribution of participation in all forms of gambling and data on the more detailed habits of gamblers.

Given that the risks of social problems seemed to be higher in off-course betting than in any other form of gambling, information about this activity would appear to be a priority.

GAMBLING—A Survey of the Literature and its Implications for Police and Research. D. R. Corrall. Home Office Research Series No. 42. SO 0425.

The group has formed a new subsidiary, United Dominions Trust (Scotland), with a head office in Edinburgh and branches in Aberdeen, Dundee, Glasgow and Kirkcaldy. The new company is aimed to spearhead the group's industrial, lending and instalment credit operations

Britain given £1m. storm aid

By David Churchill

FINANCIAL aid of almost £1m. towards the repair of damage caused by the recent snow and floods in the United Kingdom was agreed yesterday by the European Economic Commission.

The aid, which follows discussions between the Commission and the British Government, will mean that England will get more than £651,000 while Scotland will get almost £228,000.

The aid to England will be used mainly to re-build dykes and roads in East Anglia and the South East. The use of the Scottish aid will be determined after more detailed examination of the damage.

Restrictions

Last week Mr. Peter Shore, Environmental Secretary, said that local authorities which have had to spend more than the product of a 1% rise on the damage, would be able to claim back 75 per cent. of the extra cost from the Government.

Details of the scheme are still being worked out with local authorities involved but it will cover mainly domestic property and excludes damage to sea walls.

The EEC aid comes from a special Community budget for victims of disaster. The disaster fund for 1978 is about £33m., of which about £1m. is being given to Britain. The Commission also decided yesterday to give about £260,000 towards repair of flood damage in France.

Finance house expands

UNITED DOMINIONS TRUST, the finance house group, is planning to develop its business in Scotland through the establishment of a separate subsidiary north of the border.

If, for instance, Leyland could

have got the improved productivity wanted out of the plant

it would have helped; and if quality, which was very poor on the first models, had improved, it would have helped still further.

In addition, Leyland had plans

to produce a larger four-seater variant of the car, called the Lynx, which would have helped

draged on so long, they argue,

if the management had really

wanted to sort out the issue.

However, it is only fair to

point out that the unions them-

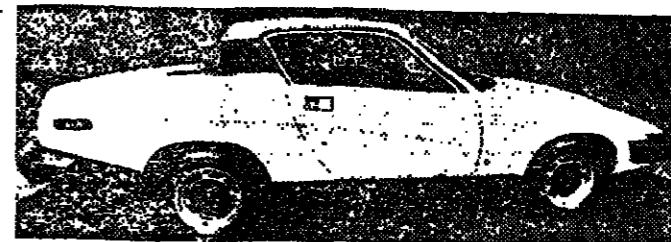
selves only made the dispute offi-

cial this week, and that Leyland

management has been pre-

Why Leyland must put TR7 on sounder footing

BY TERRY DODSWORTH



TR7: Only a limited success.

At the same time, the hardening occupied with a fair number of the pound against the other issues recently.

But from the management's point of view, Speke brings to its main market, and with this went most of Speke's hopes for recovery.

The plan Leyland has fallen back on is the kind which the straightforward economics of the situation have been pointing to for a long time.

If the unions co-operate, the assembly lines at Speke will be taken out and transferred to the heart of the old Triumph organisation at Canley, which makes the Dolomite, Spitfire, and a range of engines.

NEWS ANALYSIS

• SPEKE CLOSURE

This would leave Speke with about 3,000 jobs in the stamping and body plant alongside the TR7 factory. But it would have the effect of reducing Leyland's overall work force (3,000 jobs are to go at Speke) and reducing the cost of the TR7 output through shared output at Canley.

In the days of expansion in Liverpool—the Speke assembly lines came into operation in 1971—Leyland executives were talking about an annual output of 200,000 cars.

It might have been possible to make Speke into a viable project if all the factors had been right. If, for instance, Leyland could have got the improved productivity wanted out of the plant it would have helped; and if quality, which was very poor on the first models, had improved, it would have helped still further.

In addition, Leyland had plans to produce a larger four-seater variant of the car, called the Lynx, which would have helped

dragged on so long, they argue, if the management had really wanted to sort out the issue.

However, it is only fair to point out that the unions themselves only made the dispute official this week, and that Leyland management has been pre-

tentatively in the past.

The new management is saying that market considerations must come first, and everything

be tailored to that.

It is abandoning the tactics of investment freezes as a sanction

against the workforce, which have characterised the last two years, in favour of much more traditional disciplines: the size of the company, and investment in it, will in future be related directly to sales.

How smoothly these new tactics will work is anyone's guess.

There will inevitably be a great deal of talk about sit-ins in Merseyside, and the Canley workers themselves may be unwilling to take the TR7.

ALFETTA GTV STRADA

£6,900; 1962cc; 122 mph

Included in this price are: Electric steel sliding roof front windows and aerial; light alloy wheels; Blaupunkt radio cassette; Fog lamps (front and rear); Rear wash/wipe system; Velvet upholstery; Plus many other luxury features.

ALFETTA GTV £5,800; 1962cc; 122 mph

SPRING CLOSURE

The Marketing Scene

Sch... new mixer steals a march

WITHOUT GIVING too much away to the espionage agents of the big brewer Cadbury Schweppes is quite confident that it has once more stolen a march on the opposition with its new mixer drink, Russchian, which is at present being test marketed in Anglia and may well be sold nationally by the end of this year.

Life in the £150m carbonated mixer market is bitter-sweet at the best of times and Schweppes has twice before spent considerable sums on developing new mixers—Bitter Lemon in 1963 and Slimline tonic in 1965—only to see them promptly copied by its rivals.

With Russchian it's off to yet another flying start. Russchian is a mixer invented by Schweppes to go with vodka. It took four years' research and development during which hundreds of recipes were tried. It is slightly pink in colour, partly to differentiate it from tonic, and is called Russchian because Sch... you know why.

Although it has considerable aspirations in the soft drink market, Schweppes marketing director John Carson says the company was determined to defend its home market in mixers, which is why it invented a mixer for vodka.

Vodka is the coming thing. According to Government statistics, UK sales of all spirits per million proof gallons grew by 17 per cent between 1973 and 1976. Sales of vodka during the same period grew by 70 per cent. According to estimates, vodka sales could improve from 1 per cent of the spirits market five years ago to 16 per cent by 1980, partially at the expense of gin which could slip from 18 to 15 per cent.

Research carried out on behalf of Saatchi and Saatchi Garland Compton indicated that women slightly outnumbered men among vodka drinkers. What was more important, those in the 16-34 age group of both sexes accounted for an estimated 60 per cent of total vodka consumption, which underlines its growth potential.

The test market operation was launched last September. Anglia, please. MTN.

Vodka without Russchian is like Marx without Spencer



monitored £1.2m on advertising last year, plus £1m below the line).

Now the start of a Saatchi document on its Russchian campaign comes the time-honoured quote: "The advertising is the product—the stuff in the bottle is just a convenient way of collecting the money". All right, Schweppes is happy with the ad. But it is even happier with its product. Within four or five years it hopes sales of Russchian will be as high as 10 per cent of its sales of tonic currently worth £30m at RRP.

As they say in Anglia: Vodka tovarich snemyata Russchian, please. MTN.

How TV costs are moving

BY MICHAEL THOMPSON-NOEL

FOR SOME TWO YEARS now the real cost of television airtime expressed as cost-per-thousand audience has been spiralling upwards at a rate well ahead of the increase in real prices, which has been very nice for TV profits if less good news for advertisers. The underlying reason has been the stiff increase in demand for TV advertising time and the legal restrictions which prevent the TV companies from increasing the supply of commercial minutes per hour to meet it.

This means that without increases in rates of the same magnitude as an increase in demand, the contractors would have had only two courses open to them: to sell off all their commercial minutes to the big, long-term advertisers who can book well in advance—which would effectively shut out the smaller or short-term advertisers; or to ration airtime so that everyone got something. What they in fact do is sell to the highest bidder through the pre-empting of spots.

The prospect of rationing, at least on Thames, could arise again this spring in the face of even stronger demands for airtime. In the meantime, ever-growing demands are being made on the skill and expertise of agency and specialist time buyers. It is no longer sufficient to identify the highest rating spot and haggle about rates. Nowadays the time buyers have to forecast with real accuracy the state of the airtime market in order to avoid paying too much or too little, which may result in the loss of advertising spots through pre-emption.

This has made competition vastly more fierce and has led them to seek more ways of accu-

TELEVISION MARKET SUMMARY

	ITV REVENUE	ITV SPENDING	% or —
December	1977 £29,043,309	1976 £21,016,649	+38.2%
	£29,886,549	£230,806,620	+39.9%
		MINUTES SOLD	
December	7,464	6,749	+10.6%
		ITV SHARE OF HOURS VIEWED	
	53%	49%	+4%
		AVERAGE COSTS PER '000, Dec. 1977	
Audience	Minimum	Adjusted	+ or —
Housewives	£1.77	£1.92	+23.8%
Adults	£9.92	£1.01	+24.0%

rately evaluating their own buying against the airtime market in general. In line with many others, David Pearce Berry and Spotswood now produces a continuous study of market-place factors; in particular it has established what describes as a continuous and workable guide to the average costs per thousand adults and housewives actually paid on the network.

According to DPBS media director Peter Todd: "The study is based on two sources of data: the monthly net revenue of the contractors, and a special analysis from AGB of the total number of advertising messages per thousand adults delivered in each area at each spot length. The division of the network by total network messages produces the real industry cost per thousand audience. However, account is then taken of the proportions of

total messages at the various spot lengths, so that 30-second spots are charged at 100 per cent. Allowance is therefore made for a further 2.5 per cent on the adjusted costs per thousand."

• Local advertiser rates. On a network basis, says DPBS, the amount of airtime sold at these rates is unlikely to account for more than 4 per cent of total revenue. The effect of these rates is expected to cause a 2.5 per cent reduction in the comparative industry costs per thousand.

Thus DPBS's adjusted industry average costs per thousand receive an assessed 8.5 per cent increase on the basis of three elements for which full information is not available.

There is currently talk of possible Price Commission interest in TV ratecards generally. It will be interesting to see how that interest develops against a background of rising audience costs as monitored by DPBS and other agencies.

sions it does not know which therefore affect the accuracy of its comparisons. However, it can make reasonable estimates, and these are used to produce 'industry-adjusted' costs per thousand. The three are:

• Volume discounts, given to the heaviest spenders on TV. DPBS reckons that perhaps 50 per cent of all TV spending attracts this discount at an average of perhaps 7 per cent, so therefore adds 3.5 per cent to the calculated industry cost per thousand.

• Test market discounts. According to Peter Todd: "These are also non-negotiable and should be excluded from the measure of buying efficiency as they operate to reduce the real industry cost per thousand.

• Local test market discounts. According to Peter Todd: "These are also non-negotiable and should be excluded from the measure of buying efficiency as they operate to reduce the real industry cost per thousand."

The contractors and the IBA will not disclose the individual areas' shares of revenue, so that the costs per thousand produced can only be for the network overall. In addition, each contractor transmits a different number of commercial minutes and delivers, with different rating levels, a different total number of advertising messages. However, says Mr. Todd, this presents no problem for comparison as an agency's own costs per thousand can be re-weighted.

According to DPBS, the average revenue by total network messages produces the real industry cost per thousand.

DPBS says there are three elements whose precise dimensions are not known:

• Local advertiser rates. On a network basis, says DPBS, the amount of airtime sold at these rates is unlikely to account for more than 4 per cent of total revenue. The effect of these rates is expected to cause a 2.5 per cent reduction in the comparative industry costs per thousand.

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There is currently talk of possible Price Commission interest in TV ratecards generally. It will be interesting to see how that interest develops against a background of rising audience costs as monitored by DPBS and other agencies.

Masius No. 1 with 29.1% gain to £49.2m.

MASIUS WYNNE-WILLIAMS Yellow Pages revenue in has now definitely overhauled the main J. Walter Thompson agency in the latest rankings from Media Expenditure Analysis. They cover 1977 and show that Masius increased its MEAL expenditure by 29.1 per cent to reach £49.2m, whereas JWT improved only 13.6 per cent to £45.1m.

However, it must be remembered that the MEAL figures are not comprehensive—they cover TV and main consumer print—and that the JWT group as a whole (1977 billings, a claimed £77.1m), is by far the biggest U.K. advertising group.

McCann-Erickson put on 32.8 per cent to £53.9m. Saatchi and Saatchi Garland Compton was the fourth largest MEAL agency (+24.9 per cent to £34.1m), followed by Ogilvy Benson and Mather (+16.3 per cent to £30.4m) and Collett Dickenson Pearce (+40 per cent to £29.9m).

The fastest rates of growth in the MEAL Top 50 last year were shown by Dorian Advertising (+58.6 per cent to £13.3m). Interlink (+72 per cent to £16.2m), Roe Downton (+80.1 per cent to £8.6m), NCK (+59.2 per cent to £4.1m), Crawfords (+55.4 per cent to £3.8m), and Gordon Proctor (+21.7 per cent to £3.4m).

• ROE DOWTON is to part company with Braun this year. Reasons given by the agency include the decision to launch the Micron shave with advertising originated in Germany and a move to negotiate media and creative commissions or fees on an ad hoc basis.

• TBWA LONDON is to handle Lancashire and Yorkshire with TBW advertising, have a 40 per cent share of the market in all areas where they have already been launched and have contributed to the 35 per cent growth into the red meat cube sector, says the company.

The corporate message

DESPITE ITS growth—it is now worth an estimated £15m a year—corporate advertising still has a rather poor image. As Richard Spielberg of JWT told a conference in London this week, contractors are reacting to social change. This theme was developed by Tony Kappenberg of the Financial Times, and it is clear that the public is reacting to social change. This theme was developed by Tony Kappenberg of the Financial Times, and it is clear that the public is reacting to social change.

But there's a lot of it around, and it will almost certainly get better, even though some advertisers are still unable to determine where corporate advertising can be addressed: the public, the press and pressure groups; the financial community (including shareholders, particularly the institutions, and the banks); employees (including management, potential staff and the unions); the public.

As Frank Muldoon of the Guardian told the conference, increased restraint on how business operates, as well as changing attitudes in the community which eventually work through staff and the unions; the public.

Quite a shopping list. As itemised by Kippenberger, there is certainly a wide range of target audiences to which legitimate corporate advertising can be addressed: the public, the press and pressure groups; the financial community (including shareholders, particularly the institutions, and the banks); employees (including management, potential staff and the unions); the public.

"We believe the response shows we were doing the right thing at the right time," said the Mobil man. "The real test will come if the going gets tough and Mobil's credibility comes under attack. If we've got it wrong we'll go straight to Cisl and will have to throw an awful lot of money to get out."

A second case study was provided by Richard Spielberg, who explained JWT's approach to last year's £750,000 campaign for the four main clearing banks, distressed as they were by talk of bank nationalisation. The campaign drew more than 50,000 responses from the public, the overwhelming majority of them against nationalisation, and the campaign was adjudged a success. Ironically, there were criticisms last year that the banks' campaign was designed to solicit the response the banks wished to receive, not the one the public necessarily wished to make—a criticism the speaker would no doubt have answered if given more time.

THE MOST AMBITIOUS international readership survey yet attempted is currently at pilot stage, and results are due in September. The sponsors are Time, Newsweek, Economist, International Herald Tribune and Scientific American. The research contractor is Research Services and the cost is \$500,000.

The universe to be researched is described as "men of high status living in good residential areas" in 10 countries: Britain, France, Germany, Belgium, Netherlands, Italy, Switzerland, Denmark, Sweden and Spain. The survey is to be based on 5,000 personal interviews conducted in the home, and it is planned to collect readership data for about 300 publications as well as demographic and product data.

Access to the survey has not yet been decided. It may be open only to the sponsors, although if that were the case it would be likely to reduce the value of the survey to the advertising industry.

Southern made Hillspan's industrial buildings bigger.

Early television campaigns on Southern Television had successfully promoted the Hill Construction Company's agricultural building business. Too successfully, perhaps. For their 1976 campaign of 15 and 30-second spots on Southern, Hill were keen to promote the Hillspan industrial buildings which now account for two-thirds of their business. The campaign, staged by Lonsdale Osborne, was another undoubted success. Hill were pleased at the contacts it gained, and the reputation it made them. More important, they were delighted to receive enquiries from an influential band of businessmen—those who work in London but live in the South. These men watch their television in the South too!

SOUTHERN TELEVISION

For further information contact Brian Henry, Marketing & Sales Director, Southern Television Limited, Glen House, Stag Place, London SW1E 5AX. Telephone: 01-834 4404.

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FT3

Whitby's mine of uncertainty

BY PAUL CHEESERIGHT

NATIONAL self-sufficiency in place, it will have to be in the factor to be considered in relating waste salt from the potash plants to the building up of environmental damage to the deposits are. One mine has argument. The basic facts are national park and doubts about already been developed, at simple.

Boulby, north west of Whitby overall local employment patterns is the main conflict being investigated at the Whitby potash enquiry, now in its second week.

The enquiry draws together many of the elements of the new classic confrontation between the demands of industry and the environment.

Certainly the question of whether there should be a potash mine in the North York Moors National Park and a refinery on the outskirts of the town has been the subject of sporadic local debate over the last ten years. Latterly, however, discussions about Whitby's economic role have sharpened in the attempt to see whether there might be a balance of interest between a new potash industry and the traditional living.

The immediate point of the enquiry is to decide whether Whitby Potash, a subsidiary of Consolidated Gold Fields, should establish a solution mine — that is, a mine without the conventional shafts and headgear — on Egton Low Moor, and shift the raw material to a refinery some four miles away by underground pipeline. The refinery would be a mile away from the town centre, and next to an existing industrial estate.

Last year the National Park Committee rejected an extension of planning permission, originally granted in 1970, for the development. The grounds on which it took this step provide the text for the present inquiry.

"Damage to the character and environment of the North York Moors National Park and Whitby would far outweigh any economic or social benefits to the local community or the nation," the committee declared.

For the nation, the inescapable fact is that, if domestic mining of potash is to take

men about the effects of dumping waste salt from the potash refinery at sea.

Of these three sources, the most obvious clash is between tourism and the potash development, largely because the tourist industry depends on the Whitby area has consistently been running above the national average and currently stands at 661 people or 12.3 per cent of the workforce. Gold Fields is offering about 200 jobs. To suspicious local suggestions that large portions of the workforce would be brought in from outside because of the specialist skills required, Gold Fields retorts that, because its

longer term future of Whitby rests on the building up of local industry. The potash development would not account for more than 4 per cent to 5 per cent of the available workforce in the area.

Registered unemployment in the Whitby area has consistently been running above the national average and currently stands at 661 people or 12.3 per cent of the workforce. Gold Fields is offering about 200 jobs. To suspicious local suggestions that large portions of the workforce would be brought in from outside because of the specialist skills required, Gold Fields retorts that, because its

A proposal to develop a potash mine in a national park has produced a classic conflict between industry and environment.

After a hesitant start, production at Boulby is beginning to expand and Whitby Potash plans output, which could start in about five years time, of 450,000 tonnes a year. There is

The potential impact of a new mine on the trade figures is a central point in the Gold Fields arguments for a new mine. How this is weighed against the counter-argument that industrial development in a national park can be justified only in extreme circumstances is not obvious and any decision must involve some degree of subjectivity.

The North York Moors National Park has, however, already been under what the North Yorkshire County Council calls "considerable pressure for development" and this colour adds to the Gold Fields proposal.

Thus the effect of a new potash mine on local employment patterns is an important

development is technically unusual, most personnel would have to be trained and Whitby people should be as receptive to tuition as anybody from elsewhere.)

But the main issue is whether the presence of the potash mine and exports in seven or eight years time if a new mine is established on the south side of the town which now has nine factories, the largest of which is owned by Winster Hose. It employs over 200 people to make long-length, high pressure, hydraulic hose.

The third source is fishing, an industry which is subject to some uncertainty because of the disputes within the European Community. There is also some concern among in-shore fishers

that the presence of the refinery would impair views towards and from Whitby and would be visible in whole or in part from an area of 17,700 acres, most of which is in the park.

At its crudest, the fear in Whitby is that the town might become like Redcar, a seaside town without elegance, on south Teesside. But the comparison is not very apt. Redcar has been near steelworks for over a century and the nearby ICI Wilton Works cover more than 1,000 acres, an industrial development on a far larger scale than Gold Fields contemplates.

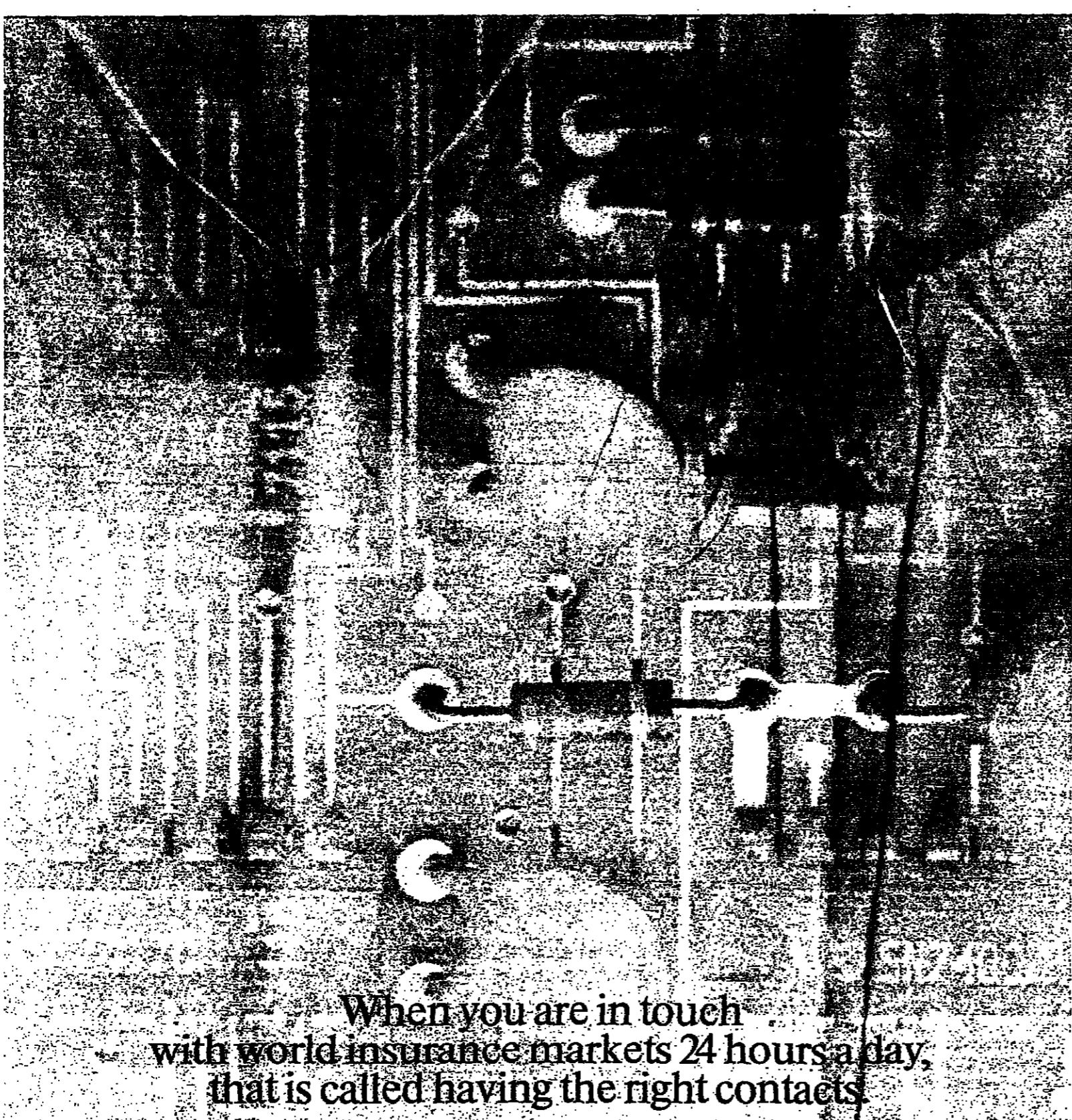
It is difficult to assess the precise effect of a potash at the height of the season. Yet development on tourism. But labour has to be brought in from outside the area.

frightening for Mr. Ray. If this situation extends

throughout Whitby, then Gold Fields might actually find it hard

to delay further capital expenditure until the issue is settled. The explanation could be the

However, the seasonal nature of tourism makes the industry narrow differential between social security benefits and after-tax income in the lower wage brackets.



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PA 1404 3007 6495 8821 4927 11395 13610 30047 16732 18088 19867 20511 22217 23713
PA 1455 5226 9020 6748 8335 9561 11232 12371 13616 15050 16900 18106 19565 20521 23713
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PA 1531 5226

JOBS COLUMN

Hunter of heads in the City · Locum management

MICHAEL DIXON

RANGE of career to some top people in the businesses in the City of the area, and that seem to range however, K/FD like most head-hunters relies mostly on identifying the clients being offered by the firm's 34-year-old American-style "white-kids" earning £50,000 a year to public school through appropriate professional search recruitment companies and Oxbridge business, gentle and business directories and so specifically in the City.

"You can't really set down which particular qualities would fit even the new operation — though I guess we will know never comes will have to one that fits pretty well as soon as we see it."

How about training the recruits? "Well, we can provide guidance on interviewing and selection up to the skills of head-hunting?"

Lindsay, a senior associate at K/FD, said: "When we find clients, we can provide guidance on interviewing and selection up to the skills of head-hunting?"

The most difficult task will be finding suitable candidates to fit the skills of head-hunting? "We will be able to provide guidance on interviewing and selection up to the skills of head-hunting?"

Korn/Ferry Dickinson apparently opens a personal file on every job candidate it sees, referencing them by the types of business the candidates are experienced in and by the type of work they do. So asked to find a marketing manager for a wide range of the grocery company, for example, it has a list of basically qualified candidates within easy reach.

As well as less Godlike if there is no contact with a client, a candidate for five years, the stockbroking, and the rest, appropriate file is to use the this is not a job you consultancy's own firm prescribe a set of par-purged. But a simple outline skills for. I mean, it of the person's experience and depend very heavily on qualifications is kept in a card file to get on with the index.

When asked to find recruits, know, clients take to viewing Dyckhoff. For the first 15 years of his working life he was a talking of you as "our head-hunter," rather than as they might through the management ranks say "our solicitor."

So, it has to be somebody else to the managing director with this sense for other people's staff of Matthews Wrightson whole personalities, and who's Land. Then a change of group also capable of the sophisticated strategy put him among the salesmanship that will build up ranks of experienced executives a good clientele in the City. As tives looking for work.

He retained a consultancy with the Matthews Wrightson

As to money, the consultancy group obtained a few other £20,000. I gather that perks will be thinking of something like assignments as a consultant with the Mathews Wrightson

With the Mathews Wrightson

in steel, paper, and metal products to the managing director

around 35 to 45."

With the Mathews Wrightson

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You would be both an observer and a counsellor. Travelling would take up to 40% of your time and include visits to the USA. Your staff, comprising some 13 professionals - accountants, EDP specialists, etc. also have degrees and experience in law, operations research and

financial management.

You must possess an appropriate accounting qualification, and your experience will include advanced audit techniques. Equally important will be your wide business experience to include financial and business management, sales, marketing, personnel and production. In presenting your audit findings to top local, regional and corporate management you will require strong oral and written communication skills.

An appropriate salary will be offered - plus a commensurate fringe benefit package - which will be progressively worthwhile to a big thinker who combines vision with practical application.

With a multi-million pound investment in product development the time could not be better for joining NCR. So write in confidence, giving concise history details to:-

H J Redington, Personnel Controller,
NCR Limited, 206 Marylebone Road,
London NW1.



Joseph Sebag & Co.

SENIOR ANALYSTS

We are seeking two senior analysts to join our U.K. Equity Research Department. They will undertake sector analyses and detailed company studies. They will be able to express themselves concisely and persuasively both on paper and personally to our sales team and to our clients. Their areas of specialisation will be:

ELECTRICALS/ELECTRONICS ENGINEERING

Candidates should have at least two years' experience of investment/financial analysis gained in stockbroking, fund management, or in the industries concerned. The exact level of remuneration in each case will depend on ability, but these are senior appointments which command a basic salary up to five figures.

Please send detailed curriculum vitae to:
The Research Partner,
Joseph Sebag & Co.,
Bucklersbury House,
3 Queen Victoria Street,
London, EC4N 8DX.

INVESTMENT MANAGEMENT FUND MANAGER

Due to expansion an opportunity arises in this company for a young but experienced fund manager. He/she will probably be in his/her late twenties, will have a university degree or professional qualification, and will have had several years' experience in the management of sizeable investment funds.

The post will be primarily concerned with the management of institutional funds and it is important that applicants should have a broad general knowledge of the needs of such funds and the appropriate personal qualities necessary for representing the company at a relatively high level. Funds under management at present total about £200m.

Salary will be competitive and there are in addition generous profit sharing arrangements. A non-contributory pension scheme provides a first class package of benefits including substantial life cover, and widow's pension. The company supports a subsidised lunch restaurant. Applications with full curriculum vitae to:-

Box A.6264, Financial Times,
10, Cannon Street, EC4P 4BY.

INVESTMENT ANALYSIS/ MANAGEMENT

Clerical, Medical and General is an established Life and Pensions office of high repute with existing funds of over £400m, and £50m. per annum becoming available for new investment. This continuing expansion requires the recruitment of an addition to the team of Investment professionals located at our London Head Office in the West End.

The successful candidate will be aged under 30 with accountancy qualifications and/or a good class degree in a relevant discipline followed by some industrial or commercial experience.

Previous investment research experience is not essential, as a thorough training will be given, but a positive contribution to the management of the British equity investment (present value over £100m.) will be expected at an early stage.

Attractive progressive salary, non-contributory pension, and, after a qualifying period, subsidised house purchase. Where appropriate, assistance with relocation expenses will be given.

Please write, enclosing curriculum vitae to:-

Mr. N. Jones,
Asst. Secretary (Staff),
Clerical, Medical &
General Life Assc. Soc.,
Narrow Plain,
Bristol BS2 0JH.

International Banker

c. £15,000 - £18,000

An International Finance Group with offices in Manila, Hong Kong and Bangkok seeks the services of an experienced international banker aged between 35-45 for relocation to the Far East.

Past service with a Merchant Bank or an International Commercial bank with expertise in structuring, negotiating and syndicating credits is essential. The salary and benefits will be commensurate with experience in the range of £15,000 - £18,000.

In reply please give a comprehensive personal and business history. All replies will be treated in strict confidence, and should be addressed to:

The Advertiser, 46/47 Bloomsbury Square,
London WC1A 2LU.

Corporate Finance

ACA/Solicitor
or MBA c.£7,000

Our client, a member of the Accepting Houses Committee, is seeking two additional executives in the Corporate Finance area.

The Bank possesses a total range of banking, finance and investment activities and has a reputation for providing financial assistance and management advice to a wide variety of clients in both industry and commerce.

You will be under 27: preferably but not necessarily a graduate and have some relevant post-qualifying experience.

A remuneration package of around £7,000 is envisaged. Benefits will include subsidised mortgage, non-contributory pension and free life assurance etc.

Please write with full details to Colin Burry, at Overton Shirley and Barry, (Management Consultants), 17 Hollywell Row, London EC2A 4JB. Tel: 01-2478274.

Overton Shirley
and Barry

FINANCIAL DIRECTOR

c. £15,000 + car MANCHESTER

One of the leading U.K. air freight companies is launching a new subsidiary to purchase and operate cargo aircraft. To complete the senior executive team, a qualified accountant is required to take full responsibility for the financial and accounting control of the company. In addition, he or she will be directly involved in all commercial aspects of the airline, including supervision of contracts, administration and sales. Consequently, a person without several years in a competitive commercial environment will not have the proven abilities for a position which, in effect, is that of joint chief executive, with prime responsibility for the success of the company.

Personality is as important as technical skills and experience: candidates must have the entrepreneurial flair and flexibility to work closely with the management team of the parent company. This is an exceptional opportunity to join a new venture. Location at Manchester Airport. Salary is negotiable and other benefits are

Please apply
Sir Timothy Hoare
7, Wine Office Court
London EC4A 3BY
01-353 1858

Career
plan

CHEMICAL BANK

INTERNATIONAL LIMITED

Senior Eurobond Executives London

On 22nd December, 1977 Chemical Bank acquired the whole of the issued share capital of London Multinational Bank Limited, now renamed Chemical Bank International Limited (CBI). Chemical Bank will concentrate its international merchant banking activities in its new subsidiary, which will continue to be active in international loan syndication and international investment banking.

At a senior level, the Investment Banking Department of CBI seeks the following:

- international corporate finance executives experienced in the solicitation, negotiation, structuring and documentation of Eurocurrency public issues and private placements.
- a sales orientated executive combining new issue syndication experience with fixed interest investment expertise and a close knowledge of the international investing community.
- a top professional to develop and head the bank's securities trading and market making activity.

In each case the exact responsibilities and the remuneration package are negotiable and should attract those already well established in this market.

Applications in confidence to: Peter Karl Schumann, Executive Director, Chemical Bank International Limited, 11 Union Court, Old Broad Street, London EC2N 1EA. Tel: 01-283 8171.

CHEMICAL BANK INTERNATIONAL LIMITED

Financial Director

International Textiles circa £15,000 + car

A privately-owned textile group with a £multi-million turnover, specialising in men's outfitting, supplies an international marketplace from manufacturing locations in Europe and the Far East. It is currently expanding its world-wide operations in order to exploit new markets and implement major diversification projects and is seeking a dynamic man or woman for this top appointment.

Located in London and reporting to the Group Chairman and Chief Executive, your key responsibility will be the overall financial control of this wide-ranging operation. While co-ordinating all day-to-day activity, you will play a vital role in determining and implementing major diversification projects.

This challenging financial post will appeal to a qualified accountant who possesses a

broad, entrepreneurial view of commerce, beyond that of pure accountancy, and the potential to move into the highest levels of management as the Group's Managing Director designate. First-class experience, preferably gained in an international context, is a prerequisite.

The rewards, designed to attract candidates of the highest quality, include a negotiable salary, share and profit participation schemes and relocation expenses.

Ref: DB670/F
RéPLIES will be forwarded direct.
An open and confidential to the client.
Unless addressed to 400 Security Manager
listing companies to which they may be sent.
They should include comprehensive career details, not refer to previous correspondence and quote the reference on the envelope.

PA Advertising

Hyde Park House, 62a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874 PA



A member of PA International

Chief Accountant

c.£8,500

A successful, profitable medium sized public house building, construction and property group offers an unusual opportunity for an able Chief Accountant to make a mark and establish a reputation. Under a new and proven Chief Executive the group is being re-organised to take full advantage of the anticipated upturn in the house building industry.

The challenge is to create accounting systems and an organisation to provide actionable accounts based on budgets prepared with managers. Cash flow forecasting, debtor control, statutory accounts and dealing with auditors will obviously also be part of the job.

A.C.A. or C.C.A., aged 25-30 with similar experience, preferably but not necessarily in the industry, is sought.

Salary is negotiable around £8,500 with a car, contributory pension scheme and profit related bonus. Success will lead to a directorship. Location — South West London. Please write, in strict confidence, quoting Ref. No. 582/FT and stating experience, qualifications and present salary to—

CB-Linnell Limited

8 Oxford Street, Nottingham
MANAGEMENT SELECTION CONSULTANTS
NOTTINGHAM - LONDON

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A stockbroking analyst is always asking questions.

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Sue Blacker,
Executive Preselectors Limited,
8a Synrons Street, London SW1 2TJ.
Tel: 01-730 8450.

EXECUTIVE PRESELECTORS

Operations Director

BOWATER CONTAINERS LTD., a market leader in fibreboard packaging, operates nine large corrugated plants, seven subsidiary plants and a solidboard mill and conversion plant.

One of the three operating Companies of Bowater Packaging Ltd., it enjoys a considerable degree of autonomy in the management of its business activity. The management structure encourages each plant to act independently while responding to intelligent co-operation in order to optimise the Company's total effort.

The Operations Director has line responsibility to the Managing Director of Bowater Containers Ltd. for the Company's overall business operations and profitability. Each of the major operating units is managed by an Area General Manager who reports directly to the Operations Director.

Line management is supported by a small but strong functional team, which contributes widely to day-to-day decisions and participates fully in all longer term planning.

The location is at Stevenage. There is a need to travel frequently in the UK and occasionally abroad.

We are looking for an all-round business manager with experience in a service industry who is able to act with the authority of the position within a team-oriented management structure. Experience of managing industrial relations in an increasingly consultative environment is essential. Knowledge of the fibreboard industry is desirable but not essential.

The position will be of interest to candidates earning in the region of £12,500. A Company car is provided together with benefits including a contributory pension scheme. Assistance with relocation is also available.

Applications in the strictest confidence should be made to: P. S. Williams, Managing Director, Bowater Containers Ltd., Gunnels Wood Road, Stevenage, Herts SG1 2BH.

**Bowater
Containers Limited**

International Tax Planning

Europe, Africa, Middle East

Location: London W1 or Manchester, £neg. + car

For a major division of an International operation servicing a broad range of worldwide markets. The Tax Manager will be responsible for all aspects of UK tax and European tax planning. The division has 32 separate legal entities in ten countries and its multi-million tax expenditure plus its projected business development leave considerable scope for

B.F. Hoggett, Ref: 10144/FT

Male or female candidates should telephone in confidence for a Personal History Form to:

LEEDS: 0532 448661, Mincra House, 29 East Parade, LS1 5RA.

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

Treasury Manager

Salary £8,000 plus

Our client, a leading marine insurance Partnership with world wide interests, is seeking a qualified accountant male or female, to be based in the London area.

This is a new appointment, and whilst the position reports to the Chief Accountant, there will be an opportunity for individual expression. The successful candidate will be capable of making a rapid contribution to the firm's professional expertise.

The post covers a variety of responsibilities but the primary function will be the preparation of Balance Sheets, Income and Expenditure Accounts of various associations. The introduction of a cash budgeting and re-casting system and liaison with investment Partners and Bank Advisers on investment policy will be a priority later. This is an exciting opportunity for someone possibly with a background in a City institution to develop personal potential.

Salary is negotiable according to qualifications and experience.

The fringe benefits include a contributory pension scheme, life assurance and P.P.P. membership.

Please write, in confidence, with adequate career details

Peter Lee-Hale, Personnel Services Division -

Spicer and Peleg & Co.,

Management Consultants,

3 Bevis Marks,

London EC3A 7HL.

Chief Accountant c£7500+car

London

Our client, a well-established, expanding London-based manufacturing company, seeks a well-qualified accountant with flair and enthusiasm. Reporting directly to the Board, responsibilities will include preparation of monthly and final accounts, budgeting, forecasting and the further development of accounting systems.

The successful applicant, aged 30-35, will have gained at least three years relevant experience in a manufacturing environment, be able to demonstrate the necessary skills and personal qualities for management and be seeking the opportunity to take up a senior position offering career advancement.

Please contact B. J. Forsey who will treat all enquiries in the strictest confidence.

Stephens Selection

35 Dover Street, London W1X 3EA. 01-493 0617

Recruitment Consultants

COMMERCIAL DIRECTOR

(Book Publishing)

FOXWOOD PUBLISHING LIMITED is an expanding subsidiary of an established, family-owned print and publishing group. The Company, which is London based, publishes Foxcub Children's Activity Books, Foxwood Adult Books and Magazines, and markets Florprint garden books.

We are now looking for a Commercial Director who will be responsible for the Company's financial and production administration.

If you have relevant management experience, are currently earning not less than £6,000 p.a. and looking for a new career opportunity with a young, progressive company we would like to hear from you. The preferred age for this appointment is 28-40. A company car will be provided. Annual profit-sharing bonus, BUPA membership and contributory pension scheme are in existence.

Applications in writing to:

Patrick Howitt Esq.,
Chairman and Chief Executive,
Foxwood Publishing Limited,
27 Chancery Lane,
LONDON WC2A 1NF

UNIVERSITY OF MELBOURNE CHAIR OF ECONOMIC HISTORY

This Chair is vacant following the appointment of Professor G. N. Blaikie to the Ernest Scott Chair of History. Applications are invited from scholars in any field of economic history. As present research and teaching in the Department cover aspects of international economic history, particularly Asian and Latin American economic history, and the history of economic thought.

SALARY: SA31,248 per annum. Further information, including research and teaching requirements, details of application procedure, superannuation, travel and removal expenses, housing assistance and terms and conditions of appointment, is available from the Registrar of the University or from the Association of Commonwealth Universities (Ms. 100), 3rd Floor, Senate House, WC1H 9AJ. All correspondence (marked "Confidential") should be addressed to The Registrar, The University, Melbourne, Parkville, Victoria, 3052, Australia.

Applications close on 27 April, 1978.

Accountant

Foreign Exchange

Our Client is the London branch of a prominent and expanding European Bank.

The Bank's current requirement is for a thoroughly experienced bank Accountant, ideally aged 27-30, with a strong background in foreign exchange accounting.

This is a most attractive opportunity to develop your accounting skills in an efficient and tightly-knit team.

Contact Tony Tucker in confidence
on 01-248 3812

NPA Recruitment Services Ltd

60 Cheapside, London EC2. Telephone: 01-248 3812 3/4/5

MANAGER-CREDIT ANALYSIS AND CONTROL INTERNATIONAL TRADING GROUP

City

Neg. c £8,500 + car and bonus

Our client is an international group with activities in various industrial sectors.

The company has recently conducted a comprehensive review of its operational procedures and financial controls and, in the light of this, has decided to create a new appointment. Reporting to the Financial Controller, the successful candidate will develop an understanding of the company's business activities and then devise and implement an effective credit control and analysis function.

The company are looking for an innovator with a creative approach combined with the ability to exercise sound commercial judgement. Candidates, male or female, should have relevant experience in a financial or commercial organisation which will enable them to establish and subsequently manage this function. This will involve contact with senior management both in the U.K. and overseas.

For more detailed information and an application form contact Nigel V. Smith, A.C.A. or Ronald Vaughan, A.C.M.A. quoting reference 2088.

Commercial/Industrial Division

Douglas Lumbis Associates Ltd.,
410 Strand, London WC2R 0NS. Telephone: 01-836 9511.
121 St. Vincent Street, Glasgow G2 5HW. Telephone: 041-263 3101.
and in Edinburgh.



Assistant Financial Controller International Contracting c. £7,500 + car

A qualified Accountant is required to assist the Divisional Financial Controller of a major international engineering contractor based in South West London.

The appointment carries responsibility for the financial affairs of a group of companies engaged in a range of worldwide operations covering the construction of motorways, bridges and dams, and for oil and related products. Key responsibilities will include the monitoring of contracts and establishing and managing finance for overseas countries and projects. It will also involve assisting in the implementation of divisional finance policy; planning; monitoring performance; preparing management information and general financial management and accounting.

Applicants, men or women, should be aged 30-40 and preferably have practical experience in overseas finance and the construction industry.

Our client offers a salary in the region of £7,500 per annum with company car and an attractive range of benefits.

Write with full personal and career details to Position Number AGA 6168, Austin Knight Ltd., London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested, should be listed in a covering letter to the Position Number Supervisor.

AK ADVERTISING

Deputy Group Secretary

Dawson International is a Scottish based textile group with over £70 million turnover per annum operating in the UK and overseas through about twenty major subsidiaries.

A new appointment has been created within the small central management team. Reporting to the Group Secretary the responsibility is for the complete secretarial function, including all matters relating to pensions, insurances, legal contracts and general administration, working as necessary with the Group's professional advisors.

The successful candidate, likely aged around 30, will have a professional qualification and several years experience, preferably in a public group of companies or a top professional firm. Financial experience would be an added benefit. Professional ability must be combined with commercial awareness and good communication skills.

The salary for this appointment will be in the region of £7,000 per annum and a company car will be provided. Other benefits are excellent.

Applicants should write, in the knowledge of strictest confidentiality, with brief relevant details to the Group Secretary, Dawson International Limited, Kinross KY13 7DH, Scotland.



Dawson International Limited

SECURITIES

to c. £8000

The merchant banking arm of a major continental bank, long established in the City, intends to expand its securities department by the recruitment of an additional executive. He or she, aged around 30 with a degree or professional qualification, will have a thorough knowledge of the UK stockmarket with possibly some Eurobond experience and will probably have been a research analyst for a major stockbroker, institution or merchant bank. A business flair and initiative is called for and a working knowledge of French is a distinct advantage, as is the ability to work with a small team, within which the executive's major role would be to advise overseas institutional investors about the UK stockmarket. Later this may be expanded to advising UK institutional investors on continental stockmarkets and to Eurobond operations. According to age and experience, salary will be in the range £5250 to £6250.

Please write in confidence to:

Denis V. E. Howard

Recruitment and Selection Consultant
Third Floor, 4 Cromwell Place
London SW7 2JJ

Director of Public Relations

London £15,000-£20,000

A major public food company, with turnover in excess of £750m and interests in numerous consumer and commodity markets, is creating a new post of Director of Public Relations - immediately below main board level and responsible directly to the Chief Executive.

The role is intended to cover all public relations activity from employee communications to financial, consumer, trade and parliamentary aspects. Some facets of the function are currently dealt with by professionals within subsidiaries.

Applications are invited from P.R. professionals with training and experience in the total field, who have the happy combination of personality, literacy and flair needed to develop this role at top level in an ever changing business environment.

Interested applicants should send full career details, in confidence, quoting Ref. No. 421/1/FT.

Charles Barker-Coulthard
30, Farringdon Street, London, EC4A 4EA.
Telephone: 01-236 0526

PROGRESSIVE MEDIUM-SIZED STOCK BROKERS

(Institutional and private client business)

require an Assistant to the Manager

Extensive experience in all departments essential. Excellent prospects for promotion. Reply in strictest confidence to the Senior Partner, Box A4263, Financial Times, 10, Cannon Street, EC4P 4BY.

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We are looking for people experienced in the London Money or Allied Markets, to join expanding teams on our Inter-Bank and Local Authority Desks.

Please write in confidence to:

The Staff Partner

CITY DEPOSIT BROKERS

Royal London House

22 Finsbury Square

London EC2A 1TJ

or ring C. Bygrave on 01-638 9451

Assistant to Group Financial Controller

to £8,500+car

We are briefed by a well-known quoted company - turnover around £15 million - which is developing sales and profits both through internal growth and by acquisition. They produce home improvement products of high quality and have a vigorous approach to marketing.

This appointment is particularly appropriate to the needs of a young, ambitious accountant who is on the

way up and needs one more carefully chosen move before assuming top level individual responsibility.

A qualified accountant is required, aged around 30, who is a competent accounting technician, good at organization and capable of performing under exacting conditions.

Experience in industry or commerce is considered essential.

Applications in confidence quoting ref: 6207, to Eric Smith, Mervyn Hughes Group, 2-3 Cursitor Street, London EC4A 1NE. Telephone: 01-404 5801 (24 hours).

Mervyn Hughes Group

Management Recruitment Consultants

Chief Accountant

c.£8,500p.a.

Our client is a large engineering concern, situated in a rural/turban area of the Northern Home Counties, whose business activities have an overseas trading bias.

Due to internal promotion, they are looking for a Chartered Accountant, 30-40 years of age, who is currently acting in a similar capacity and reporting at senior level.

They offer attractive conditions of employment, together with generous relocation allowances, where appropriate.

Applications will be treated in strict confidence but should include full details of career to date. They should be forwarded to R. M. Marshall, Robert Marshall Advertising Limited, 30 Wellington Street, London WC2E 7BD. Please state in a covering note the names of any companies to whom you do not wish your application forwarded.

Robert Marshall Advertising Limited



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London

to £6,500+car

Take a long-established company, previously family run, and a quality product. Add new management charged with modernising and planning for the future whilst maintaining success and profitability. One result is often an early requirement for a young accountant to join in developing all aspects of the accounting function, before taking a specific line management role. This particular situation has arisen with a household name in the food industry and will certainly add significant experience to a track record - the individual appointed reporting directly to the Finance Director.

Telephone 01-836 1707 (24 hr service) quoting Ref: 0532/FT. Reed Executive Selection Limited, 55-56 St. Martin's Lane, London WC2N 4EA.

The above vacancy is open to suitable male and female candidates.

London, Birmingham, Manchester, Leeds

MANAGEMENT CONSULTANCY ACCOUNTANTS & BUSINESS GRADUATES

£8,000 — £10,000 + car

Touche Ross & Co. Management Consultants, wish to add financially numerate consultants to their London-based team.

To qualify you must be concerned with the resolution of organisational and control problems in the financial, systems and operational areas. Our clients include small business, medium-sized corporations, international lending agencies and the like, throughout the world. Most of the work is in the U.K., but consultants must be prepared to undertake overseas assignments for which generous supplements are paid.

Selection criteria include: a first degree; a professional qualification or business degree; financial, analytical and other business experience; salary; progression; and communication and organisational skills. Age is not a criterion.

Please send a comprehensive career history including salary history, and quoting ref: 8111.

R. W. Green, Touche Ross & Co., Management Consultants, 4 London Wall Bldgs, London, EC2M 5UJ. Tel: 01-888 6644

MANAGING DIRECTOR

REQUIRED FOR FAST EXPANDING INTERNATIONAL IFO CONTAINER LEASING COMPANY

This position will suit an executive of great ability looking for new challenges. Experience in container leasing and finance desirable.

Based in London but involves foreign travel. Remuneration will be commensurate with the demand of the job.

Essential that fullest details are furnished in the first instance, and all replies will be treated in strictest confidence.

Write Box A.6267, Financial Times, 10, Cannon Street, EC4P 4BY.

GRADUATE PLANNING ANALYST

FOR MAJOR FOOD GROUP
£6,000

Fine career opening for Graduate with Business Studies degree at the north London H.Q. of an international food group working closely with the Financial Planning Manager, responsible for the preparation, development, coordination and consolidation of the company's short, medium and long-term plans, and general financial policy. Prospects are excellent and all the usual big company benefits apply. For further details ring or write to:

ELIZABETH GRAHAM,
TEL: 01-429 7772
CHALLONER EXECUTIVE
407 Oxford Street W1.

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Recruitment Consultants

The Co-operative Bank is expanding at an unusually fast rate from a well established base. As a member of the London Clearing Banks we have developed a full range of services which have produced exciting results in terms of growth. This has now reached a point where we must strengthen and develop our International business and we are looking to recruit top flight professionals, men or women.

International Manager

You will accept complete responsibility for activities in the International field, reporting to the Assistant General Manager City and International and liaising where necessary with other senior management in the formulation and development of policy and the expansion of a comprehensive international service.

We see you as a qualified banker fully conversant with all relevant procedures, experienced in international lending and with a sound financial background. It is unlikely that those under 30 will as yet have gained sufficient experience for this post.

Export Finance Manager

Within the expanding International Department, you will have responsibility for developing the Bank's Fixed Rate Sterling Scheme for Exports, Foreign Currency Buyer Credits, and other forms of ECGD backed business.

The salaries for these senior positions will reflect the responsibility involved and all usual banking benefits apply.

Please write with full details to:
R. J. Gorvin, Personnel Manager,
Co-operative Bank Limited, PO Box 101,
New Century House, Manchester M60 4EP.

You will have had solid experience in the evaluation of propositions and must be able to ensure that lending is properly safe-guarded across the ECGD and confirming-house business.

CO-OPERATIVE BANK
co op

Financial Director

London Outskirts

For a small/medium sized subsidiary UK company, part of a major group of contracting companies, operating internationally. The company provides specialist manufacturing, technical, and installation services to an extremely wide and diverse range of industries including food, chemicals and minerals etc.

The Financial Director will corporately direct and coordinate the management accounting and commercial control procedures at several operating centres; he/she will be profit accountable for commercial decisions based on these control procedures, and will contribute to the formulation of general management policy, and be responsible for financial interpretation of policy decisions. Candidates with formal qualifications must be personally accustomed to implementing (not just producing) management control information, in an industrial manufacturing/servicing environment with long lead times. Salary by negotiation.

Please write in confidence to C. J. Duncan, quoting reference 3668/FT.

Inbucon/AIC

Executive Selection

197 Knightsbridge, London SW7 1RN

ASSISTANT INVESTMENT FUND MANAGER

Old established City merchant bank, and Member of the Accepting Houses Committee, wishes to make an additional appointment to its investment team. Candidates (male/female) should preferably be graduates, or have a suitable qualification. They should have had some experience of either stockbroking or fund management.

Appropriate age: mid-twenties.

Salary according to experience, with appropriate benefits associated with this type of employment.

Please apply in first instance to:

WALTER (LDD) LIMITED (RA. KPD)
(Investment Practitioners in Alternative Investments),
1a Bow Lane, London EC4M 9EL.

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If you are an able, experienced executive or professional person, yet somehow you are not making the most of your potential, perhaps you need a new approach to your career. We specialise in assessing and developing senior people towards personal career satisfaction, to take charge of their own futures and to make the most of their talents and experience, to achieve optimum performance and fulfillment. If you are not entirely happy with the way your career is going, why not come and meet one of our professional Career Advisers, without cost or obligation. For your personal confidential appointment phone or write to us now.

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Investment Assistant

around £4,700

A young graduate or professional person is required in the Council's Finance Division to assist the secretary of the investment committee of the Industry's £200 million superannuation fund and to work on financial policy matters.

The work is principally concerned with supervising and reporting on the activities of the fund's investment managers, and will include financial and statistical analysis, maintenance of records, preparing reports and policy papers and meeting with professional advisers of all disciplines, particularly in the field of property investment.

Applicants should be aged under 30 and although relevant experience will be helpful more importance is attached to personality, intellect and the ability to write good English prose. Starting salary is negotiable according to age and experience and day release for professional studies may be considered in suitable cases.

Please write, stating how you meet the requirements of the post, by Monday, 6th March 1978.

The Assistant Secretary (Establishments),
1 Queen Anne's Gate, London SW1H 9ET, quoting the reference 1A/2 The Financial Times.

European Treasurer

for a US company, turnover in excess of \$60m, marketing highly technical capital equipment throughout the world. It sells to a wide variety of industries and therefore has a strong basis for growth and continuing profitability.

The European Treasurer will assist the European Director of Finance in planning and implementing the company's financial programme covering cash, debt and foreign exchange management as well as tax and customer leasing.

Candidates, ideally in their thirties, must be qualified accountants with several years' directly relevant experience, preferably with US companies.

Salary negotiable but probably around £12,000 plus car. Attractive promotion prospects. Home Counties location.

Please send brief details - in confidence - to Dr. E. A. Davies ref. B.43535.

This appointment is open to men and women.

MSL Management Consultants

Management Selection Limited

17 Stratton Street London W1X 6DB

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or by his Counsel for
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to the Petitioner
persons who intend to
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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LOMBARD

A children's budget

BY JOE ROGALY

THE PRESSURE on Mr. Healey to increase the rate of child benefit has now become so strong that only a casting vote by Chancery could resist it. Since this is a tax-free benefit payable in all mothers' tax credits, at which it is set at £1.50 for each succeeding child, plus an extra £50 for the first child in one-parent families.

As announced last July, it will be increased this April to £230 per child, plus a £1 bonus for one-parent families. This is useful for a two-child family if means some £240 a year, which high-rate taxpayers can gross up if they care to see its true value. Of course, this has been paid for by a reduction in the child tax allowance, but once that is phased out and forgotten the child benefit will stand on its own. It is also certain to rise—the question is, by how much.

Increase

A special committee set up by the Government, the National Executive of the Labour Party, and the TUC debated earlier this year whether the rate per child should be increased to £330 this November and possibly £450 next April, when the then remaining tax allowances for children under 11 will disappear altogether. The NEC and TUC said "yes" to £330 and "maybe" to £450. That might seem to be the end of the matter, but not for the Government. The trouble is that the proposal is not cost-free.

The increase to £230 that has already been promised will be partly financed by a reduction in child tax allowance: the extra cost will be in excess of £300m. There is some room for further improvements to be made out of reduced child tax allowances—there still will be a remaining, if reduced, allowance for children over 11 after April 1979—but any further substantial increases will have to be financed by transfers from other parts of the Budget. In short, if Mr. Healey accedes to the pressure, he may have less in overall direct taxation to "give away."

Perhaps it is for this very reason that the pressure is being piled on so strongly. Labour's National Executive recently sought a meeting with the Chancellor at which it placed only two items on the agenda: restoration of expenditure cuts, and increased child benefit. Some 23

trade union leaders, in a letter starting with "Buckley," signed through "Gormley" and "Jones" and ending with "Weisell" have signed an open letter to Mr. Healey pressing for the increases. And Mr. George Cunningham, MP, has pointed out that if the Government still resists, part of the Finance Bill that contains the child tax allowance will have to finance the bulk of the increase in benefit to £230.

Fortunately, perhaps, for Mr. Healey, Mr. Cunningham, himself will be in the European delegation from mid-March.

Pressure

Why is the pressure so strong? There are several reasons. If child tax allowance is reduced, then there is no method of making an income-related allowance, but once that is phased out and forgotten the child benefit will stand on its own. It is also certain to rise—the question is, by how much.

THE UNITED Brands' judgment on Tuesday, the Irish Fisheries judgments due to-day it any easier to make use of the powers which it received from the Court on Tuesday.

trade mark case in between have made it quite a week for the European Court.

The United Brands' judgment (No. 27/78) provided the EEC keep under national control because of the need to strike a balance between the requirement for a system of control over the marketing and pricing policies of companies in a dominant market position.

In the case of merger control, the difficulty has been of a political nature: it is a matter which the member Governments wish to be kept under national control.

Over the marketing and pricing policies of companies in a dominant market position. At restructuring certain industries to make them big enough for competition on world markets.

In the case of the marketing of companies which will fall into this category by introducing a rules formulated by the Court which found the company guilty of charging excessive prices.

United Brands' costs and therefore did not succeed in proving that the prices it charged for bananas were purely internal to the enterprise.

The observation of the other rule established by the Court namely that products obtained at the same cost should be supplied to importers in all member countries at the same price—leaving profits due to a higher local price level in the hands of the importers or local distributors—should be easier to monitor. It may even be welcomed by member Governments wishing to improve, in this way, their trade balance and tax revenue. But it runs against the

The Commission is likely to come up against this difficulty again and again. Indeed, in its report on the behaviour of the oil companies in the Community during the oil crisis of 1973-74 the Commission admitted its impotence by declaring that the

original trade mark and manufacturer's name as an additional indication that it had been repacked by the importer.

A parallel importer is one who imports without the manufacturers' consent the product "parallel" to the manufacturer's appointed agent.

Normally such an importer buys it in another EEC country (usually Britain), where it is marketed at a lower price.

The German Federal Supreme Court did the wider definition of market dominance to

important European companies.

THE HOFFMANN-La Roche farm is contesting in the European Court the right of large pharmaceutical companies to monopoly under EEC law, contained in EEC national markets by companies with a similar name or brand name might usefully and drug safety rules. There was

think of additions to their names which would

company's representatives in the

Tuesday hearing. The dispute concerns the question of whether

Financial Times Thursday February 16 1978

New marketing rules for monopolies

under EEC rules, a parallel importer of a pharmaceutical product is entitled to repack this product and sell it in a new container with a label bearing the original trade mark and manufacturer's name as an additional indication that it had been repacked by the importer.

Finally, one should note the national rules protecting trade marks and trade names prevalent in a case earlier referred to the European Court (Case No. 119/75) and returned to the German Federal Supreme Court with a green light to apply German law. In deciding the dispute between the British company Terrapin and the German company Terranova, the German court decided that (1)

the same product at a lower price than the manufacturer's similar to that of Terranova, and

the fact that it was the name

of a company from another EEC

issue in the United Brands case.

The German court suggested

that in view of the right of

establishment which companies

now enjoy throughout the Com-

mon Market, the name under EEC law, con-

wall in EEC national markets by

means of patents, trade marks

and drug safety rules. There was

however little evidence of the

(and trade marks) which would

make clear their national origin

Tuesday hearing. The dispute

concerns the question of whether

it is a national pre-

occupation.

Dress for cross-country skiing is rather different from that of alpine skiing. Most downhill clothing is far too heavy and cumbersome for cross-country work, but on the other hand there is much less emphasis on special suits. If you intend skiing cross country for any length of time you will probably need to invest in some knickerbockers, but otherwise your normal winter wardrobe should provide the right sort of sweater and other outer-wear. Touring shoes are much cheaper to buy than ski boots, and again they can always be repaired.

The additional delight of cross-country skiing is that you do not really need a " resort" as such. Given that you own or can get hold of equipment, ski-touring facilities are as free as walking

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Ski-touring is rapidly increasing in popularity for a variety of reasons. In this environment there is much less emphasis on special suits. If you intend skiing cross country for any length of time you will probably need to invest in some knickerbockers, but otherwise your normal winter wardrobe should provide the right sort of sweater and other outer-wear. Touring shoes are much cheaper to buy than ski boots, and again they can always be repaired.

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Ski-touring is rapidly increasing

FINANCIAL TIMES

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Thursday February 16 1978

Arms sales to buy time

THE U.S. Administration's ground—but for good reasons announced intention of selling fighter aircraft to Israel, Saudi Arabia and Egypt since its virtual break with the Soviet Union, has watched its armed forces deteriorate through lack of spare parts, the delicate process of negotiating a Middle East peace settlement. Indeed, the sale, which has still to be cleared by Congress, has as its main aim the support of this diplomatic mediation. The policy has its risks, but there is a logic behind each of the three sales and in the overall strategy which if successful may buy time for continuing negotiations.

Under strain

It was predictable that if any Arab states were to receive the advanced F-15 then Israel would receive a larger number. This has been a consistent pattern in American arms sales to the Middle East. Israel is naturally upset that countries which are still officially hostile should be receiving offensive weapons from its own closest ally. But the F-15s and the F-16s—even if in smaller numbers than Israel asked for—should be seen to signify that America's commitment to Israel's security continues. The gap between what Israel is to receive and what it requested reflects the fact that the U.S. is still displeased about the Israeli government's reaction to President Sadat's initiative and about its attitude to Jewish settlements.

In giving F-15s to Saudi Arabia, the U.S. has taken into consideration the fact that they will probably end up in Egypt's air force. But against this they must also have reckoned that Saudi Arabia, through its wealth and oil, has become a crucial ally in the Middle East. Riyadh has become increasingly unhappy that in exchange for keeping oil prices stable, providing oil, and tacitly backing Mr. Sadat, it has not yet received adequate compensation in the form of U.S. pressure on Israel. Indeed, Saudi Arabia sees the provision of aircraft as a test of American intentions. If the sale goes through it should have the desired effect of persuading aircraft to Saudi Arabia and Saudi Arabia to continue its moderating role in Arab politics.

The sale of offensive aircraft to Egypt is breaking new ground.

Monetarism in practice

IT IS ten years since Lord Armstrong, then the Permanent Secretary to the Treasury, discussed in a public lecture the problems of managing a modern economy. Yesterday the present Permanent Secretary, Sir Douglas Wass, delivered a lecture on the same theme and found it difficult to repeat with confidence his predecessor's conclusion that modern economic policy has clearly been a success. Many major changes have taken place in the intervening years, at both a national and an international level, which have undermined earlier theories, made the task of economic management more difficult, and shaken political assumptions about the extent to which it can achieve together aims which often tend to conflict with one another.

Some of the international changes to which Sir Douglas refers—the growing internationalisation of trade and finance, the collapse of the Bretton Woods system, the emergence of rapid inflation, the payments deficits caused by the rise in oil prices—have helped to bring about the greater emphasis on monetary policy which now prevails. The attitude of the foreign exchange and of other financial markets to changes in the monetary aggregates has to be taken into account when forming policy, quite apart from the fact that policy changes in other areas may have monetary side-effects. The Treasury model now has a monetary sector, which is apparently to be made public in the near future.

Stability

But Sir Douglas, like the Governor of the Bank, is clearly a practical rather than a whole-hearted monetarist. The Governor argued last week that whether or not monetary policy should be classified as an instrument of demand management, its services were likely to be pre-empted for the time being by the need to use it in the struggle against inflation. Sir Douglas argued yesterday that tary targets (as practised by the Federal Reserve) would, for effects were produced by the moment at least, be too monetary action or by what frequent.



Bishop Muzorewa, the Rev. Sithole and Chief Chirau, the three African negotiators in Rhodesia, and on the right the two leaders of the Patriotic Front: Dr. Robert Mugabe and Mr. Nkomo

Stony paths in Salisbury

BY BRIDGET BLOOM, Africa Correspondent

IF YOU BELIEVE that writing was very much on the belated to have the widest assassin Ian Smith—a considerable irony in what I am doing to-day, you are mistaken," agreed in his talks with Dr. So said Mr. Ian Smith, the former Rhodesian Prime Minister, in September 1976, to introduce majority rule within two years. But the talks which ended yesterday in Salisbury with an agreement in principle to introduce black rule in Rhodesia.

The immediate effect of the war has been on the economy. Only last Tuesday, the government introduced supplementary estimates to cover the escalating cost of the war, and to meet subsidies to keep alive ailing industries. The fighting is now costing nearly £500,000 a day, and the effects are being felt throughout an economy already affected by the world-wide depression.

Mining receipts are down, with production being sharply curtailed or stopped. Rhodesian industries are costing more than they earn in foreign exchange, small industries are going to the wall and African unemployment is spiralling. Consumer spending and business efficiency are being undermined by the heavy call-up of whites, while net emigration last year—at around 11,000 the highest on record—is one indication that white confidence is being undermined.

For all the participants the talk represent in many ways a last chance. For Mr. Smith, it is probably the very last opportunity of getting what he hopes will be meaningful guarantees for the whites under a black government. For the black leaders, it is probably the last chance they will have of gaining political power. This is principally because of the guerrilla war on Rhodesia's borders, and they are aware that if black rule were to come entirely as a result of the guerrilla war, they would get nothing from their rivals for political power who are now part in, and has roundly derided the Salisbury negotiations.

The pressures on Mr. Smith and his white government are perhaps most readily understood. While it has been obvious for years that a white government representing only some 260,000 people, against a total black population of over 6m., could not hold out for ever, leading that struggle. There are, however, important differences between the three men. Bishop Muzorewa, perhaps the best known of the fronts has become really acute only in the last 18 months. The three and certainly the man on a charge of attempting to handover to black rule still and Bishop Muzorewa.

He has a son of 17 studying at RADA. Apart from negotiating with Covent Garden and sundry European coal customers this week Samuels has been finding a flat for his son. Until now John Junior has been living in the august Connaught Hotel, Mayfair. "I thought he might not come across many other students in the Connaught," explained Samuels gravely.

Dancing and hot coals

John Samuels, chairman of the Board of the New York City Ballet, is in London this week to arrange a three-week visit to Covent Garden in September next year. But events at home are forcing him to return more quickly than he wished. The U.S. coal strike, now more than ten weeks old, has taken a turn for the worse, and the 44-year-old Samuels—known to some as Young King Coal—owns one of the biggest private companies in the industry.

"I should not be surprised to see the strike last until the end of March," he says, when asked about the appeal this week from the White House for an early solution. Samuels dismisses any possibility of invoking the Taft-Hartley Act, which would force the strikers back to work for an 80-day cooling-off period. "That is just not possible with a Democratic president," he told me. Samuels is distinctly on the liberal wing among the U.S. coal bosses, notwithstanding the relentless speed with which he has built up personal fortune estimated at anywhere between \$100m. and \$400m.

Samuels sees the present strike as a manifestation of 50 years of problems in U.S. coal. "The industry has been the private toy of too many narrow interests—you cannot behave to-day as though it were 1937." He takes a coolly objective view, having grown up in Galveston, Texas, the son of a postmaster: after Harvard Law School, he moved into coal broking from a Wall Street law firm, then bought his first Appalachian coalmining as recently as 1973.

Samuels brushes aside the startled: "Most American industrialists think the arts are rather talk of coal shortages hitting the art and industry, he seemed

to be negotiating. Among all, however, Mr. Nkomo has the widest assassin Ian Smith—a considerable irony in view of his most important of these is been training a large army black support (though this has never been tested) came to prominence in Rhodesian politics only in 1971, when he led the African opposition to the terms negotiated with Mr. Smith by the then Foreign Secretary, Sir Alex Douglas Home, which resulted in the resounding No delivered to the Pearce Commission. Bishop Muzorewa, consecrated a Bishop of the United Methodist Church of Rhodesia in 1968, has many people puzzled. A diminutive man of often changeable moods, he is widely believed to have negotiated a deal with Mr. Smith in 1974 which would have delayed the achievement of majority rule for at least a decade. It is said that he was finally dissuaded from signing by his more mainstream followers—who, it is said, may also have been responsible for his tougher stand on white representation last week.

But criticisms that Bishop Muzorewa lacks political acumen leave out a key factor which probably goes far in explaining his popularity:

For many younger Rhodesians, he is the man who, during the absence in jail of many of the original nationalist leaders in the decade 1964-74, organised black African opposition to the Smith Government. To other Rhodesians, tired of the constant divisions of the late 1950s and early 1960s between the older nationalists, the Bishop has stood and still stands for unity, even though he now leads only one of five black parties, has lost any control he may have had over the guerrillas and has recently suffered defections of senior men. It may be also that despite his apparent twists and turns, Bishop Muzorewa, having come lately to politics, is considered less of a politician and therefore a more honest man.

Of the three, the Rev. Ndabavingi Sithole is without doubt the most experienced politician in nationalist politics. Methodist like Muzorewa, Mr. Sithole has been in the nationalist movement since the late 1950s, at first sharing the same party with Joshua Nkomo, now leader of the Patriotic Front and later becoming through his Zimbabwe African National Union. Mr. Nkomo's party, with Joshua Nkomo, now the most powerful in the country, is remote.

The precise nature of the

agreement is not clear, but it is believed that the two sides have agreed to a power-sharing arrangement, with the Patriotic Front taking the lead in the economy and the white community in agriculture and industry.

The other factor often discussed is the possibility that once the issue has been decided, the black government is being established, the white community will be forced to leave Salisbury, which was

the capital of Rhodesia last July) observers believe he has little influence with them.

Finally, for Senator Chief Chirau, the third black signatory, yesterday's agreement represents in a real sense both a first and a last chance. Chief Chirau's party, the Zimbabwe United People's Organisation or ZUPO, was formed less than two years ago, if not with the money then certainly with the goodwill of Mr. Smith's Government as a make-weight to the other more genuine nationalist parties. Chief Chirau is a traditional chief, but chieftainship in Rhodesia has become debased over the years in being used as an arm of the white administration.

But if these four very disparate men and their followers have compelling reasons for sticking together, what chance do they have of making their agreement in principle work in practice? Even more important, what chance do they have of getting international recognition for the completed settlement which they hope to present to the world?

Provide aid

Commons debate

The Commons debate on Rhodesia two weeks ago showed that feelings in Britain, in particular, are running high. Rhodesia, and that there will be a substantial body of opinion which holds that Britain should recognise an internal settlement. Dr. David Owen, the Foreign Secretary, was pushed by Conservative and Liberal questions into admitting that the Government would have seriously to consider recognising such a settlement.

The Foreign Office was highly critical in its reaction to the news from Salisbury, although the State Department in Washington declared that it appeared to be inaccurate.

Not only is Mr. Nkomo, who has been instrumental in his own bilateral negotiations with Mr. Smith two years ago, now totally distrustful of the Rhodesian leader, but there is also a great deal of personal antipathy between Mr. Nkomo and Bishop Muzorewa. Above all, Bishop Muzorewa will thus be meaningless.

Teasing strip

Like a rocket

The news that a Tyneside company will receive a \$40,000 grant

from the Manpower Services Commission to train unemployed teenagers to make replicas of old steam engines may start a vogue. Interest in the concept has sprung up all over the country. "We have found a unique product—yesterday," says one of the directors, John Wilson. He envisages teams of trained youths touring Britain to make or mend Victorian machinery for museums (or even for芽 companies still relying upon venerable equipment).

Wilson, a senior lecturer in industrial relations at Sunderland Polytechnic, even has schemes for selling miniature steam railways to Texas millionaires. But the first task is to select 18 trainees from the hundreds of jobless teenagers expected to apply for places when the scheme starts in April.

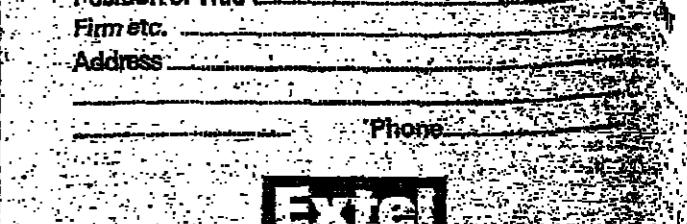
Predictably enough, there has been grumpiness in some quarters that taxpayers' money is being paid out under the Holland proposals to reduce unemployment, for something as recherche as making copies of Stephenson's Rocket. But if this seems a novel frivolity, just look across from Sunderland to a place called Ilton Moor. It has a completely artificial miniature Stonehenge, which the local jobless were paid to build to stop them becoming disaffected. That was in the early 1970s when the cost was mer

on—"stocks are still quite clear run in the family, since they had no less than 500,000 copies printed. They do not know how many they have sold. They will not print more, but rely upon a few more lectures of the sort which Prince Poniatowski gave here two weeks ago. Who finances them? Should we believe what we read in Le Monde and Canard Enchaine about the Association being funded by the Giscardians? "No. That was all idiotic and not even worth denying," I was told.

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The political economy of the dollar

MOVES of the dollar are evidence of a troubled market. Ministers have at various times tried to talk their currencies up or down, but the effect has often been the opposite of what they intended.

Policies are to be judged by what the policymakers do rather than what they say (which, for example, is why the floating of the pound in October has been greeted in the markets as conclusive evidence that monetary policy was in line with official objectives).

In the same period there has been a great deal of talk of the bitter dispute over policy between the U.S. and the two major surplus countries, America and Japan. American have made it clear that some connection between the political events in the exchange

is indeed no "fact" in a situation in which the political forces have control of monetary policy, and market intervention is the critical fact is that a evaluation was until a stated U.S. policy and has produced a of results which the nation may think helpful at least suggestive to far the decline of can be explained as a

first question which now the Administration in the words of a past Wall Street circular received this week, "sabotaged" the other words, did it it pushed? The earlier Mr. Michael Blaurock down the dollar, despite but not conclu-

balance has left the role played by monetary policy in doubt.

What must be remembered, however, is that through 1975 and the first half of 1976, a decline in the exchange rate to preserve British competitiveness was official policy; the fact that monetary policy allowed a large outflow across the exchanges to be financed therefore suggests that monetary policy was in line with official objectives.

In the chart, I have tried to display what U.S. monetary performance can suggest about official policy. The measure adopted is a slightly unusual one. It measures the extent to which lending by the U.S. banks has exceeded domestic credit demand, as measured by the growth of the broad-based money supply. While there are large quarter-to-quarter and month-to-month swings, the pattern is clear. Credit expansion was roughly in line with domestic needs in 1975. In 1976 enough excess credit was created to finance some outflow (at a time when the current balance was still healthy), but in the current year excess credit creation was very large. The U.S. banks finance an outflow of \$22bn. in the first nine months of the year alone, and the monthly rate almost certainly rose very sharply in October.

As it happens, this figure also provides a measure of net intervention in the currency markets by foreign central banks—that is, that part of their dollar purchases which was locked up in new U.S. Government securities, and not fed back directly into the U.S. money supply either by foreign purchases of such securities, or by official credit control.

Of course it is true that a flows which dealers have experienced speculative run on a currency caused by dollar weakness, generates a demand for borrowing. Of course, the actions (or so it is still possible to argue) provoked counter-actions by that the chart represents the other central banks: total curtailment rather than the cause of market interventions of the dollar's weakness. How have been substantially more even, if the Fed has been trying than the net effect measured be becoming known as "the in-

markets naturally regard any Japan had taken U.S. fiscal action as having produced completely perverse results in Japan. Wages which contain a large element of profit-sharing have responded almost instantly to reduced export earnings, so that there has been little change in real incomes, but investment has been depressed. Competitiveness has been preserved, and the Government relies more than ever on exports to keep the economy afloat.

If the rewards of financial warfare have been a little questionable overseas, the cost at home in the U.S. is also becoming apparent. Apart from possible banking strains, Wall Street is becoming increasingly concerned with the inflationary implications of a falling exchange rate, and with its impact on security market values.

In the short term, this is something of a triumph for U.S. objectives: reduced German and British surpluses take the strain off other countries, and U.S. officials would argue that if the Germans prefer to make this adjustment with a slow rather than accelerated growth rate, that is their domestic concern. They are no longer pushing their trading partners into debt.

In the longer run, however, this policy may not look so attractive. The expansion of U.S. bank lending is already beginning to worry some bank analysts; and at the other end of the process, the Germans and the British are beginning to feel inhibited about fiscal expansion—partly because of the scale of the present rise in real consumer incomes, and in the U.K. because of the possible balance of payments constraint. The net result for the world economy is arguably depressive rather than expansive.

At the same time the policy

Experience

The relationship between monetary policy and exchange rates is probably more widely appreciated in this country than elsewhere, because of our experience of a pound which remained strong until the spring of 1975 in spite of an appalling trade deficit and accelerating inflation, collapsed after the growth of money and domestic credit accelerated thereafter, and recovered after the devaluation squeeze of November 1976. The balance-of-payments deficit, it should be noted, was much less after the collapse than it had been for 15 months before it, which undermines the idea that the current account can in itself explain the exchange rate. Nevertheless, the fact that the recovery of sterling has coincided with a much improved open market interventions.

seriously to resist such a very approximately in the integrity of the dollar." Downward adjustment without panic development, then foreign chart. Nevertheless, the outcome would have driven up interest rates in New York, what the U.S. authorities might have planned.

At its simplest, the result of this battle of wills over exchange rates has been, as Mr. Henry Wallich, of the Fed

suggests that the flow across the foreign central banks have financed the entire U.S. balance-of-payments deficit. At the same week, when domestic U.S. monetary growth peaked, the U.S. has achieved its credit control policy of a lower exchange rate.

Letters to the Editor

er profit

His

G. Steinitz

ave read with interest articles published profit sharing, and it he subject is rather live and unlikely to

nd 4 per cent, the employees would receive amount of about £100-

tax which is better k in the teeth but to motivate anyone to anything different he was doing before.

the other hand, the nearer 25 per cent, guess the employees very interested indeed changes to improve profits. Properly cond with a sympathetic Whitehall it need threat either to com or to shareholders.

the following: A 4 roft share means a of just under 2 per corporation tax at 5%.

If the Chancellor is minded to allow as business expense for tax purposes, a profit partly in cash and shares them a 25 per cent up of cash and 10 per cent would result in a flow from the company 2 per cent, that is, paid to staff in cash of 52 per cent on equals 13 per cent, net to the cash-out time offering a mere share of profits.

so what affect a 25 per cent would have on attitudes towards services and divi would completely change relations. It uncharitable manager is on profits and way never thought

in employees of of 15 per cent, tax plus increase of dividends plus a cumulation of shares holding. The pressure profits would now within, and if unlabelled, could do us for our economy.

shareholders who in the potential for their shares over only real concern market value of and the return on run scheme would natic increases in in any event the be small. A compre return on 10 per cent would stong shareholders 2 per cent per

me that everybody from such a somebody please follows the pathways of South African national socialism. When my could be formed a pact government with the South African Labour Party in the 1920s, it adopted its infamous so-called civilised-labour policy. In all government undertakings by Ministerial directive as distinct from enacted law, only "civilised labour" was to be employed. This meant tens of thousands of unskilled Africans were discharged and replaced by "civilised" poor whites. Simultaneously this pact Government began a policy of tariff protection.

The government department when considering applications for tariffs against imported com allowed to prevent was instructed to have ken against those particular regard" for the extent to which the private

joined the Common Market when adopting the "civilised labour policy." Withdrawal of protection was regularly threatened against firms who did not co-operate with this early technique of apartheid by bureaucratic interpretation of South Africa's "national interest."

Ralph Horwitz, (Visiting fellow), London Regional Management Centre, 311, Regent Street, W1.

Uses of power

From Mr. G. Bruce

Sir.—Unless he had heard Mr. Bright (February 13) describe himself as a Liberal, he might perhaps be excused for not guessing from his past writings that your correspondent was referring to the late Justinian in his article alongside "A letter to a Liberal." I refer, when dealing with the issues mainly from the left wing, for the establishment of a Ministry of Justice. Such a minister would herald the establishment of a national Health Service and bring an end to the freedom of the legal profession to act fearlessly for members of the public at all times against all persons and corporations, including government departments and the like. The campaign, for it is nothing less, waged in the popular Press and on radio and TV, lays great emphasis upon conveyancing but has comparatively recently been extended to other fields of law.

The effect of such campaign, however well intentioned it may be or claim to be, is to damage the last line of defence for the citizen against a corrupt government or official.

As solicitors, we see all too clearly that many of our clients of all races, colours or creeds and of many income levels from the poor to the not so poor, are being daily denied justice because as a matter of deliberate government policy, aided by a complacent opposition, the means of obtaining that justice are withheld.

It is not enough for public figures to protest when injustice is alleged in relation to business or to unions. They should have protested earlier and protest now about injustices to the individual.

S. P. Best.

29 Church Road, Royal Tunbridge Wells, Kent.

Down the same pathway?

From Dr. R. Horwitz

Sir.—As one of those Liberals with a small "I" to whom Samuel Brittan addresses himself in his Lombard piece (February 13) on the most recent instance of Britain's new despotism, I am fascinated and horrified to observe how British socialism follows the pathways of South African national socialism. When my country could be formed a pact

government with the South African Labour Party in the 1920s, it adopted its infamous so-called civilised-labour policy. In all government undertakings by Ministerial directive as distinct from enacted law, only "civilised labour" was to be employed. This meant tens of thousands of unskilled Africans were discharged and replaced by "civilised" poor whites. Simultaneously this pact Government began a policy of tariff protection.

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Unity for Cyprus

From Mr. C. Economides

Sir.—Mr. Metris Minas (February 2) may be perfectly right in his description of the situation in the T/C as being "one of the principal causes" of the intercommunal strife, and in surmising that that "strife" will make it very hard for the two communities to co-exist peacefully without physical barriers to separate them once the Cyprus problem is settled.

The economic gap between the Greek Cypriots (G/C) and the Turkish Cypriots (T/C)—which is an age-long phenomenon dating back from the period when Cyprus was a British Colony and even before—actually narrowed during the peaceful co-operation of the two communities under the Republic of Cyprus in the years 1960-63, when the T/C shared in full the economic growth of Cyprus and their per capita income was much higher than that of the Turks in Turkey where the per capita GNP in 1963 was only US \$250 compared with \$600 per capita of all Cypriots. Therefore, it would obviously be absurd to assume that the intercommunal political conflict at the end of 1963 was provoked by the intercommunal economic gap.

During the next decade 1963-73, the T/C again shared, though not in full, the 100 per cent economic growth of Cyprus, and their standard of living was also much higher than that in Turkey, given the particular regard" for the extent to which the private

many firms and individuals honour the spirit of the ethical codes restricting advertising with the same duplicity which skiers exhibit in their attitude to amateurism. That should be so is scandalous. That the possibility to do so only presents itself to some and not (with equal impunity) to others is unjust.

That is not to say that professional bodies themselves should refrain from advertising. On the contrary, both nationally and locally the institutes and associations which make up the accountancy profession should even now be exploiting their own virtues in competition with banks and solicitors.

It is my view, however, that permitting advertising by firms or members will betray one of the sacred tenets of what distinguishes a profession and the public interest will be better served by propagating and justifying the belief that the common body of knowledge and the standards of skill and behaviour are equal as between members and between firms and that the further specialist knowledge, which may be required, is available within the profession and obtainable through any part therefore, no matter how small.

The fashionable pressure to advertise stems from the drift away from the concept of a unitary profession towards a multiple stream profession containing a considerable number of specialisms and sciences. While these streams should be identified and their practitioners accredited so that the public can refer, or be referred to, the most appropriate source of advice, it does not follow that one stream should compete against another, nor that competition within a stream will benefit both its members or the profession as a whole.

Furthermore (to refute the Monopolies Commission report in its own terms) I have yet to learn of any lasting good which advertising has done towards the public interest and I fail to see on what basis they conclude that no harm will be done to either the public or the professions by the latter encouraging inter-firm competition.

P. R. Pennington-Legh, 51, Kings Road, Windsor, Berks.

From Mr. P. R. Pennington-Legh.

Sir,—In answer to the question "Should the professions advertise?" posed by M. Watson (February 9), I would suggest that the accountancy profession already does. Indeed,

years ago and created a climate of competition in industry, which have prospered also because we would have

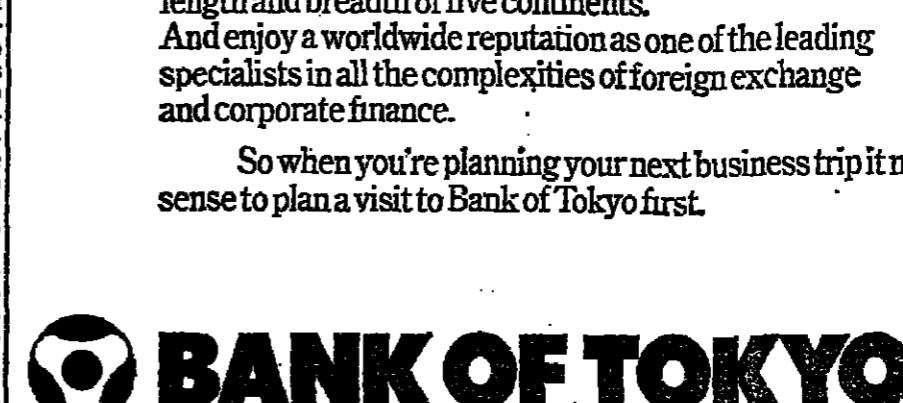
success in international business transactions can be very much dependent on the successful arrangement of international finance.

So you'll need all the resources and expertise of a major international bank behind you. Such as Bank of Tokyo.

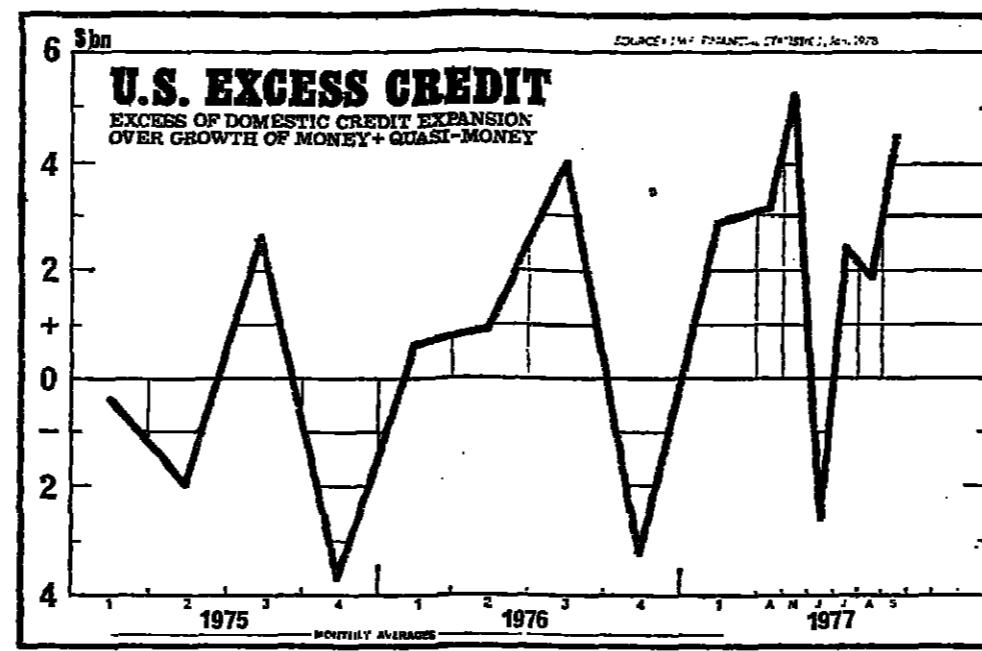
We've got branches and connections spread over the length and breadth of five continents.

And enjoy a worldwide reputation as one of the leading specialists in all the complexities of foreign exchange and corporate finance.

So when you're planning your next business trip it makes sense to plan a visit to Bank of Tokyo first.



Your international connection



To-day's Events

GENERAL

Eso shop stewards consider proposed new pay formula for tanker drivers.

European Parliament in session, Strasbourg.

Japan and China sign long-term trade agreement in Peking.

Publication of Central Transport and Transport Users' Consultative Committee reports.

Mr. Freddie Laker, chairman and managing director, Laker Airways, is guest speaker at American Chamber of Commerce lunch, Savoy Hotel, W.C.2.

London Chamber of Commerce briefing meeting for Australia and New Zealand trade mission, 69, Cannon Street, E.C.2, 11 a.m.

PARLIAMENTARY BUSINESS

House of Commons: European Assembly Elections Bill, remaining stages.

House of Lords: Education (Northern Ireland) Bill, third reading; Industrial and Provident Societies Bill, committee stage.

House of Lords: Education (Northern Ireland) Order 1978; Industries Development (Northern Ireland) Order 1978; and Rehabilitation of Offenders (Northern Ireland) Order 1978.

COMPANY RESULTS

Allbright and Wilson (full year).

COMPANY MEETINGS

Allied Breweries, London

Hilton, W. 12, Greenall Whitley, Daresbury, near Warrington, Cheshire, and Welsh, 140, Birmingham Palace Road, S.W. 12, K. Shoes, Kendal, 12, Liner Concrete Machinery, Newcastle upon Tyne, and the money stock; and London 11.30.

OFFICIAL STATISTICS

U.K. banks' assets and liabilities

and the money stock; and London 11.30.

Dollar and sterling certificates of

Birmid Qualcast profit declines to £10.55m.

NST. A difficult trading round. Birmid Qualcast had taxable profits of £15.5m. (£12.652) and £7.25m. (£11.965); trading products £118.925 (£127.652) and £7.25m. (£11.965); and £5.2m. (£4.008 loss); home and garden equipment £27.172 (£29.302); £2.128 (£2.209); wrought and engineering products £34.294 (£34.293) and £2.715 (£1.810); and miscellaneous £9.3m. (£9.3m. loss).

Directors report that, as for industrial products is in a recessive phase and at present a positive, sustained movement is not foreseen. In future, they say it would be liable to expect a significant rise in group profits in the year, but, nevertheless, which has already been should enable them to take advantage of any upturn which

it was subject to tax of £7.25m. After minor, extraordinary credit of £0.6m. on the sale of investment, the attributable emerges as £5.06m.

1976-77 1975-76
£'000 £'000
Profit after tax 19.5 15.5
Less tax 12.652 11.965
Surplus 6.852 3.532
Less corp. less 1.714 1.578
Interest 10.585 14.252
Net profit 4.008 1.265
Interest 6.00 6.00
Profit after tax 5.06 2.715
Less corp. less 2.208 1.810
Profit after tax 2.853 1.383

In addition, there was a further improvement in profitability from

order and trading profit shows (in £'000s) foundry products £118.925 (£127.652) and £7.25m. (£11.965);

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garden equipment £27.172 (£29.302); £2.128 (£2.209); wrought and engineering products £34.294 (£34.293) and £2.715 (£1.810); and miscellaneous £9.3m. (£9.3m. loss).

The directors add that the automotive industry in the U.K. has experienced another problematical year which was confined not only to the motor manufacturers but also seriously disrupted the requirements for tractor castings for a prolonged period. Inevitably, the foundries division did not escape unscathed but the performance of most companies within the division is considered satisfactory and indeed some were excellent, they point out.

The building industry remained in a depressed state throughout the year with demand from the public sector being particularly restricted and the directors say that therefore, the building division did well to achieve a small trading profit.

For the third consecutive year, trading within the grass group, which is seriously affected by weather, for lawn mowers in the early months of the season. Reduced consumer "discretionary" spending also played a significant part in dampening down demand, but nevertheless, the group succeeded in improving the trading profit performance of its home and garden equipment division.

Last year's total profit was 2.853.

Reported trading profits little changed from £84.000 to £81.000 for the six months to October 31, 1977. The directors of Reliance Knitwear Group say they expect last year's results to show an improvement over last year's record £78.000.

First half turnover was ahead from £5.59m. to £5.46m. and tax for the period took £42,000 (£40,000).

The net interim dividend per 25p share is stepped up from £5.000 (£5.000), leaving the retained balance at £287,000 (£286,000).

The directors state that providing expectations for the full year are realised, a maximum permitted final dividend will be recommended. Last year's total pay-

ment was 2.853.

Visional breakdown of turn-

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JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

(Incorporated in the Republic of South Africa)

UNAUDITED RESULTS FOR THE COMPANY AND ITS SUBSIDIARIES FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1977

Notes	6 months ended 31st Dec.	6 months ended 31st Dec.	Year ended 30th June
Dividend income	1977	1976	1977
Net trading profits	RM	RM	RM
Fees and other revenue less administration expenses	10.2	11.9	26.5
Net profit on sale of property	13.1	14.2	25.5
Profit on realisation of investments	1.7	1.2	2.5
Deduct:			
Exploration expenditure less recoupments	1.5	2.4	3.5
Interest paid less received	3.5	3.3	5.1
Depreciation (including amortisation of mining assets)	1.8	1.3	3.5
Provision for currency losses arising from foreign loans	0.6	0.6	1.2
Deduct: Trading loss of former subsidiary	22.6	20.6	48.0
Income before taxation	—	—	6.2
Deduct: Taxation	22.6	20.6	41.8
Income after taxation	4.3	4.5	9.3
Deduct:			
Outside shareholders' portion of income	2.1	2.7	4.7
Dividends accrued on fixed and variable rate redeemable cumulative preference shares	0.4	—	—
Dividends on 8.25% cumulative redeemable preference shares	—	0.4	0.8
Income attributable to ordinary shareholders before extraordinary item	15.8	13.0	27.0
Deduct: Extraordinary item—provision against investment in former subsidiary	—	—	12.0
Dividends to ordinary shareholders	2	2.8	12.0
Net asset value per share (based on market valuation and directors' valuations in respect of unquoted investments)	5	—	—
Number of ordinary shares in issue	7,105,600	7,105,600	7,105,600

NOTES:

- (1) No provision for potential losses on future realisations of investments or loans is included in the interim income statement. Such provisions are made at the end of the financial year in the light of circumstances then existing. The profit of R2.8m for the year ended 30th June, 1977 was after providing R1.5m for potential future losses.
- (2) An interim dividend of 40 cents per share (January 1977—40 cents) was declared on 18th December and paid on 10th February, 1978.
- (3) The Otihiase Mining Company (Pty) Limited ceased to be a subsidiary during the year to 30th June, 1977. No income or expenditure relating to Otihiase has therefore been included in the above statement for the six months ended 31st December, 1977, and the comparative figures for the six months to 31st December, 1976 have been adjusted accordingly.
- Otihiase was placed on a care and maintenance basis with effect from 1st January of this year. Johnnies' net investment in this company by way of equity and loans, after the provisions made in the accounts for the financial year ended 30th June, 1977, is R17m. In addition, your Company's guarantees in respect of bank loans to Otihiase amount to R18.9m.
- (4) As a consequence of the weak nickel market the Shangani Mining Corporation Limited has been unable to sell all of its output, and production at its mine was reduced to 50% of capacity as from 1st November, 1977. Further cut-backs may eventually become necessary due to the uncertain economic and political situation in Rhodesia.
- (5) It is probable that a further substantial extraordinary provision will be made in the accounts to 30th June, 1978 against Johnnies' investments in Otihiase and Shangani. Because of the uncertainties surrounding the value of these investments under current conditions they have been excluded from the computation of the net asset value per share at 31st December, 1977.
- (6) It should not be assumed that the results for the first six months of the financial year will be repeated in the remaining six months of the year for the reasons that—
 - (a) income from investments does not accrue evenly throughout the year;
 - (b) the realisation of investments fluctuates in accordance with policy decisions and market conditions.

On behalf of the Board,
Albert Robinson
F. J. L. Wells
Directors

Head Office and Registered Office,
Consolidated Building,
Corner Fox and Harrison Streets,
Johannesburg 2001.
(P.O. Box 590, Johannesburg 2000.)

15th February, 1978.

Union Discount's profits and assets reach new record levels in an active year

Results

Profits for the first half of 1977 were the best in the Company's history for any comparable period and although results for the second half of the year were not as good as for the first, the profit for the year as a whole of £6,114,183 has been a record.

1977 has been an exceptional year for the money markets. The conditions attached to the I.M.F. loan, as much as the loan itself, helped the return of confidence, heralding a greater degree of financial discipline in the management of the country's affairs. Against the background of rapidly falling interest rates, massive sales of Government securities and strong demand for sterling, the Company was particularly active in the management of the portfolio and turnover was at an exceptionally high level.

All assets contributed to the achievement of the record profits but our trading in Government securities was especially rewarding. In 1976 we had to manage our portfolio in conditions of sharply rising interest rates—in 1977 in conditions of sharply falling interest rates. It may be that 1978 will bring the more stable conditions that the Authorities are

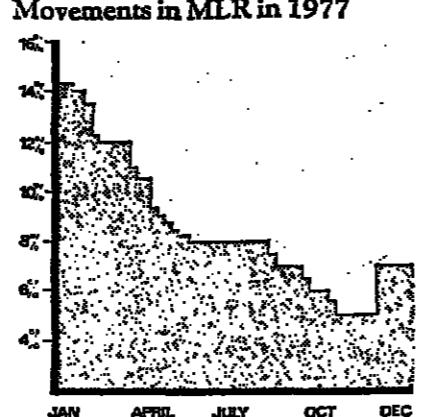
seeking and in which there can be some real growth in the country's economy.

The Company's Balance Sheet stands at a total of £968m, compared with £629m a year ago and is the highest figure in the Company's history.

Business Development

The number of banks in the City of London continues to grow and we aim to ensure that our business with these banks should also grow. At the same time, we have continued to develop our connections outside the banking community. Successful marketing by our business development team in London and by the staff in Edinburgh

Movements in MLR in 1977



has again led to an increase in the number of our customers throughout the United Kingdom.

Dividend

The Board is recommending a final dividend of 12.583p, which, with the interim dividend of 8.5p paid in September, 1977, amounts to a total distribution for the year of 21.083p (1976: 18.876p), this being the maximum permitted under current legislation.

Scrip Issue

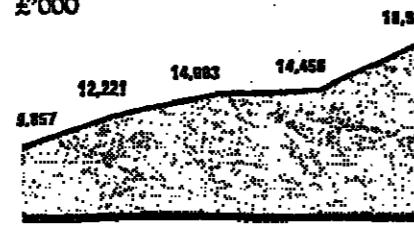
The Board is conscious of the continuing need to maintain the Capital and Reserve in line with the general level of the Company's business and has felt it appropriate to increase the published reserve by £5m. Also, it is proposed to capitalise £2.5m of this reserve by the issue of a £1 fully paid share in respect of every £3 of stock held.

Udisco Brokers Limited

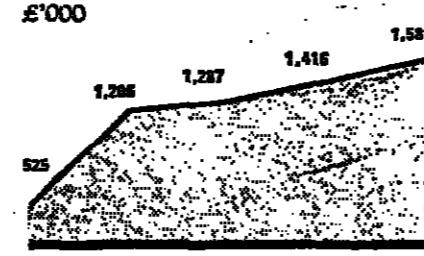
Trading during 1977 has again resulted in a substantial increase in brokerage earned. However, rising costs have tended to absorb any advantage.

A. J. O. Ritchie, Chairman

Total Stockholders Funds 1973-1977 £'000



Net Dividends 1973-1977 £'000



BIDS AND DEALS

Large holding in Suter changes hands

Mr. Jeffrey Pike, former managing director of Tremlets and Mr. David Abell, managing director of British Leyland's special products division, have together picked up a 29 per cent stake in hair drier manufacturers Suter Electrical. Following the news trading in Suter shares was resumed at 16p. They had been suspended at 10p.

The stake formed the bulk of a 37 per cent holding in Suter previously controlled by Overdev Nominees, a subsidiary of Overseas Development Bank of Geneva, itself formerly a member of Mr. Bernard Cornfield's IOS group.

The remaining 8 per cent, has according to stockbrokers Walter Walker who arranged the placing with the full knowledge of Suter's Board, been acquired by unconnected third parties.

Since the move means that Overdev no longer has any stake in Suter its representative on the Board, Mr. Leonard McLeod, will resign. No other Board changes are contemplated.

The 29 per cent stake bought by Mr. Pike and Mr. Abell for 15p per share is just short of the 30 per cent which would trigger off a compulsory bid for the rest of Suter's capital.

Less than a year ago the two men acquired a similar sized stake in Hirst and Mallinson, the Yorkshire based metal castings company which their parent company, William Head, in March they met the Board of Hirst and proposed that the company should become a vehicle which would purchase companies introduced by Mr. Pike. These companies should be developed and then sold on a capital profit.

Hirst had acquired both the capital of Barwick and the amount owing to its parent company. The assets being acquired have a book value of £1,138,000 as at October 1, 1977. Although the company is currently unprofitable, Reed hopes to put it in a much more competitive position and believes it will return to profitability in the near future.

Reed also announced yesterday the consideration for its purchase of Newbridge Carpets Ltd., a carpet weaving mill at Newbridge, County Kildare. It will be £500,000 being £200,000 cash at completion and two further instalments of £200,000 each payable on December 30, 1978, and December 30, 1979. The Board of William Reed has recently concentrated its

attention on the tufted carpet manufacturing sector where it believes the scope for growth is considerable and conditions for entry into this field at present are very favourable.

It is expected that Riverton, another purchase in the sector, will contribute to group profits in the current year but no contribution is expected from Barwick or Newbridge. The company has made arrangements for the provision of an EMI medium-term loan which will be secured by fixed and floating charges on the assets of the group.

CHARTERHOUSE BACKING
Charterhouse Development Capital has acquired a minority equity investment in York-based Plastics and available to the company.

The total funds involved amount

largely by way of acquisition, but in 1978 slumped into losses following the acquisition of Tower Assets.

Mr. Pike resigned abruptly in 1976 and disappeared with Samson Monteiro, the company's financial adviser, concerning the news trading in Suter shares was resumed at 16p. They had been suspended at 10p.

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EVER READY

The offer document for Ever Ready Holdings bid to acquire 61.84 per cent of Ever Ready International, the UK-based electrical equipment manufacturer, which had been sent to shareholders.

McLeod Russel, the consortium which had agreed to bid for Ever Ready International, said yesterday that Mr. Guthrie's purchase of 29 per cent of the company was "an ordinary investment for my portfolio."

He had "no idea" that he could be making an offer for London Sumatra, "but it was an ordinary investment for my portfolio."

He had been influenced by Press comment on the Board's

On the basis of the cash offer and on ERI earnings and dividends for the year to March 31, 1977, the share will be offered at 91p per share, giving a yield of 7.7 per cent.

The cash price being offered for the Ordinary shares compares with a book value of net assets per share, in the last annual accounts, of 180p cash or nine Holdings Ordinary 25p shares for every ten ERI Ordinary 25p shares.

Mr. Guthrie was involved in the controversial Bewbush deal with Lord Ryder in 1972. A farm which was sold for £3m, was sold soon after for £7m.

The chairman of McLeod Russel, Sir John Brown, said yesterday, "I have made it my business to investigate this purchase and London Sumatra arose entirely from Press comment."

He said there was no question at the time of the purchase that McLeod Russel would become concerned in a bid for London Sumatra.

This compares with a share last night of 58p.

The estimated total assets of Ever Ready International, £1,100,000, is about 10 per cent of the total assets of Harrison.

Harrison's international activities, including production, distribution, advertising and development, are being undertaken by Harrison.

Hindley Taylor and its subsidiaries are engaged in the manufacture of protective clothing and operate from factories in Warrington, Wigan and Hindley.

The acquisition will provide additional manufacturing capacity for Harrison and will increase its market share in protective clothing and safety products division.

The consideration is a maximum of £130,000, to be satisfied by an initial £30,000 cash with further a director of Ever Ready International, £100,000 spread over the next three years.

The estimated total assets of Harrison International, £1,

MINING NEWS

CRA expects to earn less this year

KENNETH MARSTON, MINING EDITOR

EARNINGS for 1977 are participants in Queensland restructure this authorised capital by reducing the par value of the shares to 20 cents and raising the number to 100m.

Mr. Van Bond is to join the Endeavour Board. The latter's chairman, Mr. Eric Webb, said in Melbourne yesterday that the set-up would give Endeavour further financial expertise and the ability to obtain funding for appropriate projects. He also expects participation in joint ventures, take-overs and the introduction of other partners.

"Johnnies" at half-year

Adjusted net earnings have risen by a rise in shareholding profits to £10m. (£1.25m.) from £1.142m. per share from £1.06m. last time. Johannesburg Consolidated Investment has increased its net profit for the half-year to December 31 to £10.6m. (£1.34m.) from £1.13m. a year ago.

An unchanged interim dividend of 40 cents has been for the current year; the 1976-77 total was 150 cents.

Net earnings have been doubled by the iron ore subsidiary and alumina arm.

Increases have offset write-offs at the Benga copper-gold operation and wholly-owned Australian Smelting and Refining. Profits of £1.2m. have dropped to £1.223m. largely because of the poor market for zinc.

On the "less exciting" prospects for its current year, CRA to "continuing currency trends to greater problems around the world and demand for aluminium," and the shares were up down yesterday.

It is proposed to go with the scheme whereby to transfer its interest in Alumina to Comalco acquire the last-named's Dampier Salt and the salt companies by the holdings of Amatol Metal Mineral Life

Co. to purchase the U.S. Alumina stake in addition of CRA. The move will Comalco's raw material supply group and the mineral and oil exploration company, Endeavour Resources. Subject to the approval of shareholders in the latter, Bond aims to acquire about 25 per cent of Endeavour.

The deal, which includes the cut out by 50 per cent because of poor market conditions and which may have to make further reductions, "Johnnies" were unchanged at 150 yesterday.

BOND WANTS 25% OF ENDEAVOUR

A link-up is proposed between Australia's Bond Corporation partly group and the mineral and oil exploration company, Endeavour Resources. Subject to the approval of shareholders in the latter, Bond aims to acquire about 25 per cent of Endeavour.

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Canada to consider tax changes

FEDERAL Government has indicated that it is to form a task force of federal and provincial ministers to review the provinces' tax legislation. The possibility of a review will be considered by the industry-general committee.

Proposals and arguments such as these have been in the wind for some time, and their clear-cutting at the federal-provincial meeting evoked no particular market response, although the Canadian market yesterday was

reassured by the industry-general committee.

One of the two largest copper producers in the Philippines, Mar copper Mining, has reported its lowest net income since operations were started eight years ago, writes Leo Gomaga from Manila.

Net earnings at Pesos 49.3m. (£3.4m.) last year were 21 per cent down on the Pesos 62.2m. recorded in 1976. The main factor in the decline was the fall in the price of copper from 63.3 cents a pound in 1976 to 50 cents a pound during 1977.

Nevertheless, Mar copper is continuing to expand and has started to develop a property in the Canadian industry.

Mar copper Mining, Mr. T. H. Marindin, the chairman, said "the projected recovery in copper prices, coupled with our serious efforts to control costs, should give a positive impact on 1978

profits. But there is no statement of the right to control local

mines were presented to the federal and provincial governments.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

FRENCH NEWS

Rhone-Poulenc expects break-even

BY GEORGE MILLING-STANLEY

RHONE-POULENC S.A., the per cent. stake in Ives Laboratoires in the U.S. Without these company, expects net consolidated results for 1977 to be roughly in balance. M. Jean Gandois, chief executive, said in Paris yesterday: "The group made consolidated losses of Frs.1.66bn. in 1976 and Frs.879m. in 1975."

The 1977 result, struck after tax of some Frs.100m., includes a depreciation allowance of Frs.1.25bn., compared with the restructuring of the loss-making textiles division, and capital gains on the sale for \$80m. of Rhone's 30

per cent. stake in Ives Laboratories in the U.S. Without these results would have been a deficit, although smaller than in 1976. Mr. Gandois said that gross results were up by 10 per cent. in 1976.

Under the terms of the agreement, Rhone will acquire 500,000 shares by the end of 1980, and Frs.30m. in various other modernisation projects.

In general, M. Gandois said that for 1978 the group intends to cut back on loss-making activities such as the textiles side of its activities, and to consolidate on its strong points in chemicals and the development of products with high added value.

Total debt at the year end was some Frs.12.2bn., with a little over 50 per cent. of this figure in the form of medium and long term loans. Some Frs.600m. of new debt was contracted last year. M. Gandois pointed out that the overall debt was a great burden, corresponding to 33 per cent. of group turnover.

The Bourse has suffered badly from a combination of economic depression and political uncertainty, with a result that the equity market has almost entirely dried up. Last year (Frs.2.6bn.) raised on the Bourse some Frs.51.4bn. was in the form of fixed interest issues and less than Frs.10bn. in equity. Of this, four-fifths was subscribed without appeal to the general public.

The Bourse has for some time been trying to persuade the government to step up tax concessions on equity revenue, notably by pushing the tax bonus (the return of tax deducted at source) from 50 to 100 per cent. ruled out most financial initiatives, and 5 per cent. for large incomes. The object is to offer concessions attractive enough to tempt the government to raise substantial sums itself and

not wanting to compromise the success of an incomes policy by helping to offset the imbalance existing at the moment between the tax concessions applicable to revenue from fixed interest bonds and that applying to equity income.

In order to encourage people to build up a nest egg for retirement, the report suggests that people should be able to direct a proportion of their income tax-free up to a certain threshold into a special retirement fund to be used to acquire shares. The income or dividends from this portfolio would be exempt from income tax upon retirement.

In principle, the government

should give a favourable reception to the report. Last year it tried to encourage new share issues by permitting companies to deduct from their general

revenue tax-free up to a certain threshold into a special retirement fund to be used to acquire shares. The income or dividends from this portfolio would be exempt from income tax upon retirement.

Consolidated turnover was around Frs.23.6bn., compared with Frs.21.7bn., but on a comparable basis the advance was 10 per cent. of which 5.3 to 6 per cent. was accounted for by price rises. Sales in France made up about 41 per cent. of turnover last year, against 52.5 per cent. in 1976, with 29.5 per cent. coming from exports (28 per cent.) and an unchanged 29 per cent. from sales by foreign subsidiaries.

The chemical division contributed 41.5 per cent. of turnover against 42 per cent. the medical and plant care division 23 per cent. (21.5 per cent.), textiles 19.5 per cent. (20.5 per cent.), films an unchanged 20.5 per cent. and the Brazilian division an unchanged 11 per cent.

See Lex back page

Tax move to boost investment

BY DAVID CURRY

EXTENSIVE TAX concessions for people investing in new share issues are recommended in a report commissioned by the Prime Minister, M. Raymond Barre, to study how savings could be directed towards industry.

The report has been drawn up by M. Paul Delouvrier, the chairman of the State-owned utility Electricité de France, M. Alain Chevallier, the deputy chairman of Matériel-Hennessy, and M. Gilbert Mourre, general secretary of the stock exchange watch-dog commission, the COB.

It recommends notably that for the five years 1978-82 individuals will have the right to deduct from their taxable revenue sums invested in capital increases in French companies quoted on the stock exchange. The limit would be 15 per cent. of taxable revenue in most cases, and 5 per cent. for large incomes.

The object is to offer concessions attractive enough to tempt the government to raise substantial sums itself and

PARIS, Feb. 15.

Forecasts from Norsk Hydro

BY FAY GJESTER

NORSK HYDRO, Norway's largest industrial concern, reports a rise in turnover in the half-year to December 31 due largely to the start of gas deliveries from Ekoisk and Frize fields in the North Sea. Hydro has a 6.7 per cent. stake in Ekoisk and owns approximately 20 per cent. of total production from Frige field.

Total sales income rose to Kr.2.89bn. (Frs.831m.) from Kr.2.39bn. in July-December 1976. Operating profit rose by a whole will be slightly lower than last year. Market conditions for the concern's main products

OSLO, Feb. 15.

EUROBONDS

Massey-Ferguson leads sector decline

BY MARY CAMPBELL

MOST SECTORS of the market were quiet yesterday. The main feature of the dollar sector was the sharp fall in the price of Massey-Ferguson bonds following Tuesday's announcement that the dividend on the Preference as well as the Ordinary stock would be passed.

All issues were marked about 2-3 points down. The issue which is most actively traded—the 9½ per cent. bonds due 1991—closed the day at 98 or 99½ bid. The 9½ per cent. of 1982 were quoted around 100½ and the 8 per cent. issue due 1982 at about 100½.

Dealers thought, however, that the volume of trading was not large, even in the 1991 issue. The price cuts were reportedly mainly precautionary mark-downs by dealers.

In the D-Mark sector the con-

This would be the first occasion when a Japanese bank has tapped this market.

• World Bank Treasurer Eugen Rothering made it clear in Zurich yesterday that the fact that it has satisfied its borrowing requirements for the current fiscal year, which ends in June, does not necessarily mean the World Bank will be absent from the international capital markets.

Borrowing could be made for the second half of the operating year, the cost of forward cover against losses from dollar contracts is

so high as to be "almost fatal," according to Herr Hans Ewaldsen, chairman of Deutsche Sabcock.

Despite the increased difficulties of the currency outlook, however, Herr Ewaldsen made clear that Babcock would have to go on looking to exports for the greater part of an increase in sales which it hopes to push up to about 20 per cent. in 1977-78, an achievement that would give it turnover of DM3.9bn. (Frs.9bn.) this year.

During the first four months of the new business year, the Babcock chief executive said, a strong recovery in domestic orders from the previous year's low levels would be responsible for the most rapid growth out of total new orders of DM2.2bn.

Nonetheless, out of an order book worth DM9.4bn. at the end of January, no less than 82 per cent. was accounted for by export contracts.

Following last year's increase in capital from DM175m. to DM200m., a further increase will be proposed for this year to DM250m. Herr Ewaldsen said that the Iranian Government, the largest shareholder in the group with over 25 per cent., was expected to take part in this increase as it had in the last one, but that the relative size of its stake would remain unchanged.

The New Zealand Forest Products offering was yesterday at par with other terms unchanged from indications. The market was in general expecting that pre-tax profit for 1977-78 as forecast last autumn would be slightly lower than last year. Market conditions for the concern's main products

for this year.

Developments have forced the shutdown of Hydro's soda/ calcium chloride plant at Porsgrunn, and production will stop this spring.

Town & City Properties LIMITED

Unaudited interim results for the half year ended 28th September 1977

Year ended	Half Year ended	Half Year ended
24.3.77	28.9.77	28.9.76
F'000	£'000	£'000
55,364	16,400	17,961
5,558	2,139	3,268
4,925	2,083	1,512
10,483	4,222	4,480
(25,757)	(13,191)	(16,003)
LOSS before taxation	(10,969)	(13,523)
Less: Taxation relief	1,079	972
(18,602)	(9,890)	(13,051)
45	40	(19)
Minority interests		
Realised capital profits/(losses)		
Transferred to capital reserve		
Amount transferred from capital reserve in respect of development properties on which development has commenced	2,266	5,515
7,532		
(11,025)	(7,384)	(7,555)
Shortfall of distributable income for period		

NOTES:

1. The form in which the results are presented has been altered in order to achieve greater clarity. In particular the new format shows the total revenue loss before the transfer from capital reserve in respect of outgoings on properties currently under development. The comparative figures have been adjusted to reflect the new format.

2. Realised capital profits less losses and capital charges (after taxation) are made up as follows:

Surplus of sale proceeds over original cost of property, less capital gains tax £'000

Excess of cost of acquisition over book value of net tangible assets of subsidiaries written off in respect of sales (2,700)

Net capital profits 424

(1,880)

Note: The above surplus on sale of properties has no regard to valuation surpluses in previous years amounting to £5,18,000 which were included in capital reserve and have been written off.

3. The taxation relief included above is £1,20,000 (Period to 28.9.76 £70,000) and is limited by reference to the amount of offsettable chargeable capital gains. Significant losses remain available to be carried forward against future revenue profits.

No dividend is recommended for the period to 28th September 1977.

Since the preliminary announcement last August a further £24.4 million of property has been sold with a book value of £15.9 million. This brings the total of sales since 25.3.77 to £52.0 million with a book value of £46.3 million.

Chrysler Spain expansion

By Robert Graham

MADRID, Feb. 15.

CHRYSLER'S Spanish subsidiary, Chrysler España, has decided to increase its workforce by 550, equivalent to 4 per cent. of its current payroll. The move follows a strong demand for Chrysler saloon cars in Spain and anticipation of the sales trend for Chrysler trucks in Europe.

The move is also an interesting reflection of the industrial relations climate in Spain. For several months Chrysler España has been unable to operate overtime due to a union ban. This ban has been prompted in part by union pressure to increase the company's payroll rather than resort to production flexibility through overtime. The company has been faced with fears of hiring labour at moments of increased demand and being obliged to continue employment when demand declined.

Reporting a continuing weakness in retail farm machinery sales for the industry in North America, he said that this slump, coupled with unfavourable currency adjustments, would have a substantial impact on the quarter's profit relative to that of the year earlier.

The accuracy of their predictions was proven this week when the company announced it would omit the regular quarterly dividends on the common and preferred shares normally payable in March and estimated that it had a net loss of US\$5.8m. in the three months ended January 31, the first quarter of the current fiscal year.

Analysts were not alone in waving danger signals. The company itself began warning shareholders of problems ahead last November when it declared that it was paid in December. At that time, Mr. Albert Thornborough, president of Massey, said that the company's sales for the quarter ended October 31, the final quarter of the 1977 fiscal year, were considerably below earlier expectations.

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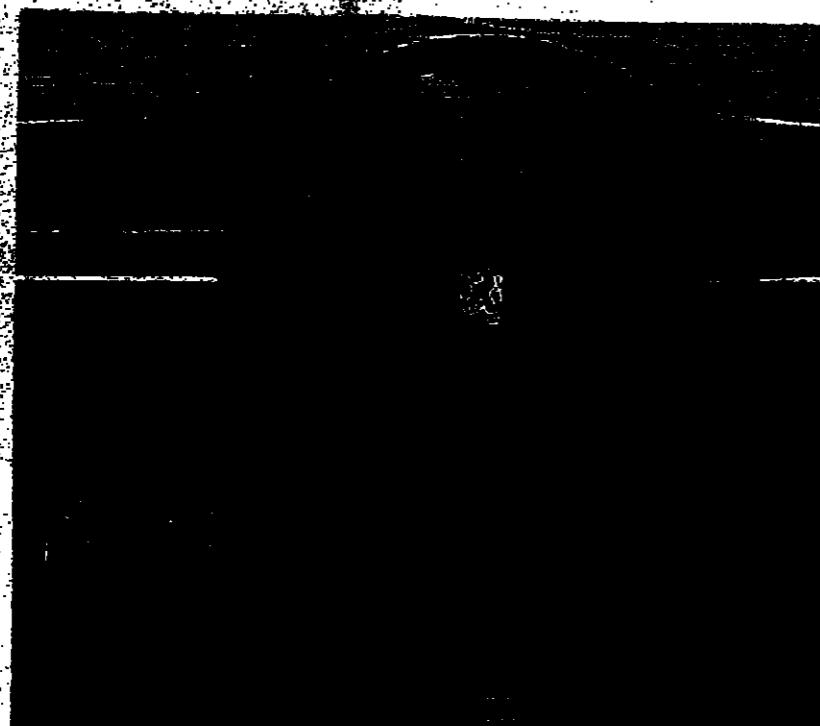
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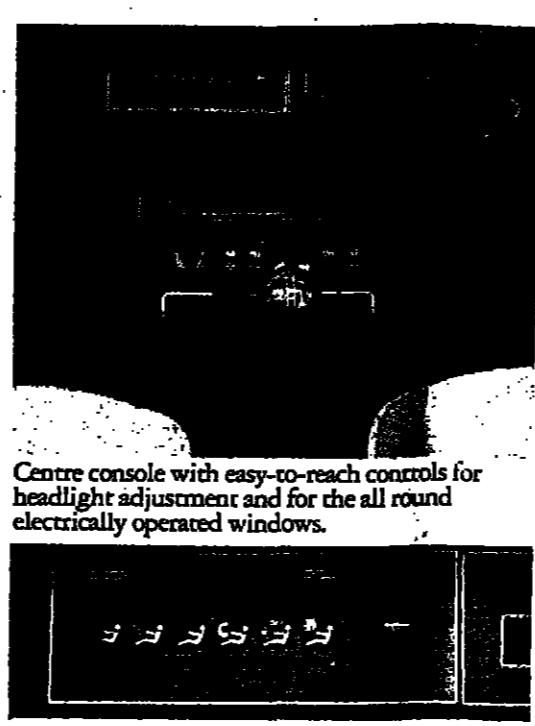
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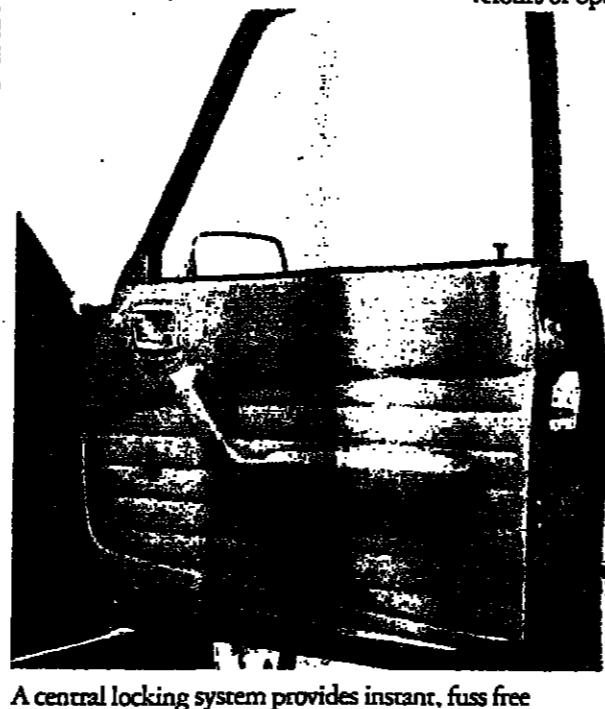
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FINANCIAL TIMES REPORT

Thursday February 16 1978

THE HIGHLAND REGION

Far from the traditional romantic image, in economic terms the Highlands have long been a millstone around Scotland's neck—but not for much longer. The oil industry has breathed new life into the area, paving the way for new industries and future growth.

HIGHLAND Region of a little more than the last year is the largest local organisation of local government in Europe, a fact acknowledged by the Assembly when it played other similar coastal areas of Europe at a conference in Inverness to discuss problems of rural development and remoteness from centres of government and

and more extensive methods of keeping up the drive to attract craft activities such as knitwear. The Board alone spent in construction from £300 to county had fallen by a third in agriculture such as sheep farming. Another is that, wear. The aim has been not £500,000 last year on assisting about 8,000 and in distribution in the first half of the century, to give them a head start in the area. Depopulation continued oil development has been one, and hence to raise the level of to spend more. Output from 34,000.

unchecked for more than a decade, having a much larger wages but also to increase emigration. Board-assisted farms have increased by twice the rate for

century until the recent oil effect on the east coast than payment. Oil related employment, now around 5,000, is expected to rise to nearly 6,000 by 1981.

In its first regional report to the Secretary of State for Scotland, the Highland Region detailed seven sectors where it intended to promote industry and employment. They included the promotion of the Cromarty Firth—already the home for British Aluminium's smelter at Invergordon and for a number of distilleries—as a centre for petrochemicals, exploiting its deepwater channel; and the availability of land for development; a campaign to persuade the Government to build a commercial fast-breeder reactor project at Dounreay, Caithness; a discussion of major tourist projects to encourage, for example, the growth of winter sports; promotion of forestry and related activities; industrial expansion around ports in the Moray Firth; development at Loch Kishorn, Caithness; a discussion of the existing economy expanding fast enough to counteract this tendency.

The expansion of the experimental establishment is now at an end and the region fears that a run-down of the project would lead to a renewed depression. "There is no possibility of the existing economy expanding fast enough to counteract this tendency. What is needed is a project large enough to reverse current employment trends. The demonstration commercial fast reactor is such a project."

The debate over the building of a fast reactor is, of course, far wider than the employment needs of Caithness, but if the Government decides that the project should go ahead, then Dounreay has several factors in its favour. Among these are the collection of skills and expertise already established there, its remoteness from large centres of population and, probably most important, local authorities and a large slice of the population willing to welcome it.

On the high road to a new future

By Ray Perman, Scottish Correspondent

the sheer size of the region also gives it another advantage. It is big enough for the functions of the regional council and the district councils to be distinct, an essential requirement if the region is to be able to carry out a broad review of the area and embark on strategic planning for the future.

This is not to say that there are no problems. One which is being tackled, but still has some distance to go, is the relationship between the regional council and the Highlands and Islands Development Board, particularly in the field of industrial promotion and development where the functions of the two bodies overlap. In the absence of any unified voice for the Highlands for most of its 12-year life, the Highlands Board grew to assume the role coupled with the impact of the oil industry both directly and through other industries such as construction and services, has given a respite from jobs within them. Geography, climate and other factors such as

the west, so emphasising a division created by geography and development. Any development strategy for the Highlands must inevitably be two-fold: for in practice or losing one, an average of only 23 per cent. There is no point in increasing production at the expense of sheep, the number increased by platform yard; and the development of a general tourist trade around ports in the Moray Firth: development at Loch Kishorn, Caithness; a discussion of major tourist projects to encourage, for example, the growth of winter sports; promotion of forestry and related activities; industrial expansion around ports in the Moray Firth; development at Loch Kishorn, Caithness; a discussion of the existing economy expanding fast enough to counteract this tendency. What is needed is a project large enough to reverse current employment trends. The demonstration commercial fast reactor is such a project."

the region as a whole. Between 1969 and 1972 the number of breeding ewes on farms receiving Board assistance increased by 100 per cent., compared with a small fall in numbers for the region as a whole. For where there is already an oil platform yard; and the development of a general tourist trade around ports in the Moray Firth; development at Loch Kishorn, Caithness; a discussion of the existing economy expanding fast enough to counteract this tendency. What is needed is a project large enough to reverse current employment trends. The demonstration commercial fast reactor is such a project."

History

But both the region and the suitability in areas of oilfield development, jobs in a particular industry or 2 per cent. Often it is a case of increased by 10 per cent. while the fast-breeder reactor. The project—in contrast to the stance of the oil companies, which are not much different and it is in history, that its not be bolstered by more per-

dictate development policy, a particular area, but with the regional council and probably 12 per cent. of the attracting new industries and—is based on the effect the pre-

sent experimental reactor has had on Caithness. In the other direction—taken by other local authorities there, its remoteness from large centres of population and, probably most important, local authorities and a large slice of the population willing to welcome it.

The region has a rich history prosperity brought by oil can of industrial process may also decline in a particular industry or 2 per cent.

Often it is a case of increased by 10 per cent. while the fast-breeder reactor. The project—in contrast to the stance of the oil companies, which are not much different and it is in history, that its not be bolstered by more per-

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sent experimental reactor has had on Caithness. In the other direction—taken by other local authorities there, its remoteness from large centres of population and, probably most important, local authorities and a large slice of the population willing to welcome it.

Oilfield development is complete, then the priority on advancement and the Scottish average) depend on primary industries, it is also been made. Jobs in manufac-

turing have increased from 8,400 in 1971 to nearly 10,000, said that the population of the welcome it.

make way for sporting estates. This is one imperative in crofting, fishing, tourism and inad-

aptly so.

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which are prospering here—aluminium, glass, textiles, pottery. These mingle with the new technologies of atomic energy and electronics—growing rapidly in the region.

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THE HIGHLAND REGION II

An oil base for development

THE DISCOVERY by Mesa U.K. routed further south to St on a major platform in the Fergus, near Peterhead, where Conoco's Murchison Field and is in the meantime.

relatively shallow waters of the a gas terminal is under construction. Moray Firth less than 20 miles offshore and the Government's In mid-1976 the Scottish Economic Planning Department and Brazil for the Netherlands insistence that the crude should be piped ashore rather than estimated that there were nearly 8,000 oil-related jobs in the Highlands and Islands, of which few years will be fierce, but viewed in the Highlands as the most exciting developments it could reasonably be assumed the two yards have on their since the first oil was made about 3,000 were in the High-side the fact that operating in the North Sea.

Together, the two events hold out the strongest possibility so far that the region will be able to move from the construction phase of oil development, which is by definition temporary to the M.K. Shand pipe-coating the more lasting production works at Invergordon.

Most of those working in oil are following up work for the dry dock it has constructed at Loch Kishorn, which is build-Kishorn. The Niniyan Central Platform was to have been towed out to its location in the northern North Sea last summer, but missed the "weather window." The period of calm conditions when such operations are possible. To catch up the lost time, the platform is now anchored in the inner sound of Raasay, where the steel deck section has already been fitted and most of the pipeline landfalls which bring with them onshore terminals and the prospect of downstream developments such as masts, have performed well, the steel deck section has months ahead and a good

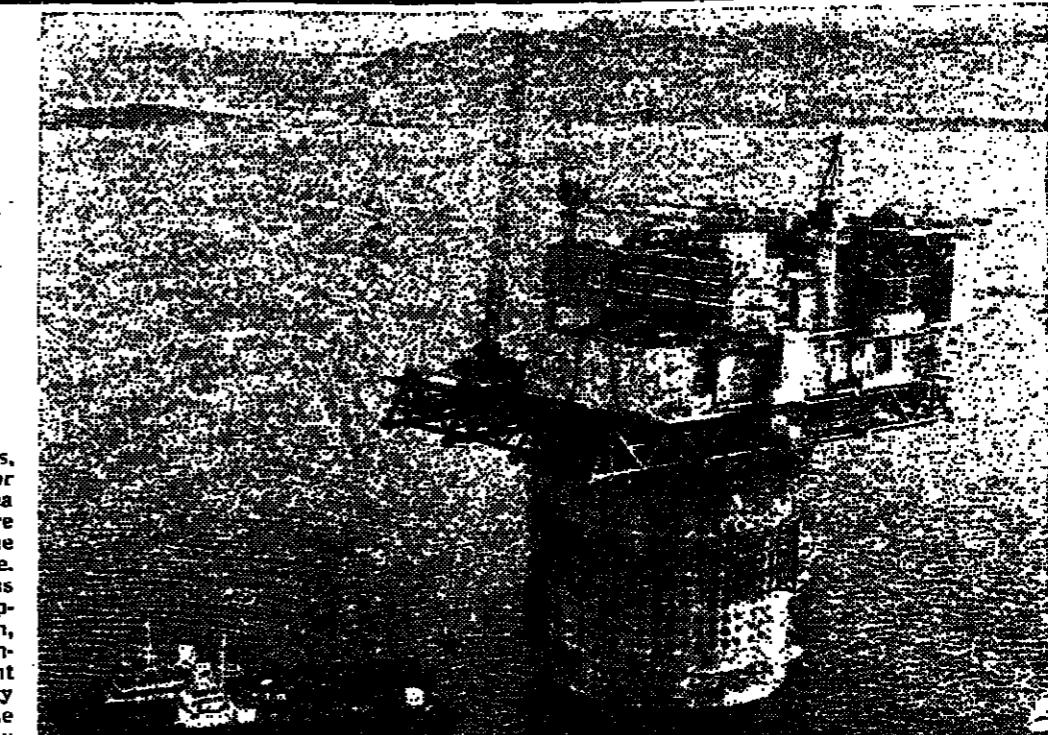
Despite some poor weather progress in the sheltered waters of the West Coast and the platform is on schedule serving the Piper and Claverton fields, has gone to Flotta, form for the Niniyan Field, to be towed out at the end of April. Thus, however, will built a major terminal, and owned by Brown and Root and leave the present work those taking gas from the Niniyan Wimpy— is now building a force of 1,200 (half the peak seems very promising) and Price fields have been second. McDermott's is working level with nothing to do unless

for some new order can be secured. The yard is important to local life and to the Highlands as a whole, not only because it is a major employer but because it takes a large proportion of its labour requirements from Skye and the communities of Wester Ross rather than bringing in "travelling men" and because the yard is very largely the justification for keeping open the West Highland Line, the single track railway from Inverness to Kyle of Lochalsh on the West Coast. If Kishorn has to close, it is difficult to see how new jobs can be created in the short term to compensate.

Mr. Albert Granville, Howard-Doris's managing director, brought rideau down on himself 18 months ago when he flew in the face of the pessimism being expressed by other concrete contractors and predicted that from being faced with an empty berth, Kishorn would be suffering an embarrassment of orders.

It is reasonable to assume that, if he had his time again, Mr. Granville would not be quite so optimistic. He is now more realistic but still hopeful: "We are still talking to the same companies we were talking to six months ago and we have spent hundreds of thousands of pounds on designs for them—one in particular at the moment seems very very promising."

One cannot fault them for getting in early. Present proposals for the gas gathering system that as a first stage an offshore network of lines should link several fields with the existing gas pipelines serving the Brent and Frigg Fields. A new trunk line is only envisaged as a



The largest concrete oil production platform in the world, Chevron Petroleum's Niniyan Central jacket and platform, built by Howard-Doris at Loch Kishorn.

second stage—to be built if at countries close by, and a third. Over-capacity in refining all) well into the 1980s. Some sanctuary on the Nigg peninsula already exists in Western Europe and there is the possibility that the European Community may try to block any refinery projects.

A much more probable source of feedstock for downstream activities and for the further development of the Firth is closer to hand and closer in time. Mesa and its partners in Beatrice are now actively examining likely pipeline landfalls and are engaged in a game of poker with Cromarty Petroleum, the American-owned company with planning permission to build a refinery at Nigg at the mouth of the Firth.

Opportunity

Although the Cromarty Firth would be an obvious landing point for the Beatrice pipeline, offering ample flat land for operating within a few years, onshore development deep-water channels for tankers and good land communications, there are some difficulties and it is not certain that the pipe will go there. There are, for example, a bombing range used by the RAF and other NATO

Ray Perman

Communications expand

ONE FIFTH of the land mass estimated at £150m. and viewing of Great Britain, as big as the ferraing, that sum seems remarkably low. Even more remarkable is that through the difficult years of Government spending cuts and restraint, the new road north was left alone train after train for hours.

There have been delays, of course, and some of them have been much longer than most

Highlanders think necessary. An inquiry over the line of the Kingussie-Ayiemore section, for example, dragged on for more than two years until the original plans, with small amendments, were confirmed. There was suspicion that this delay caused no tears to those who held the purse strings in St Andrews House.

Engineering difficulties on such sections as the Pitlochry bypass caused no surprise, but whatever the misgivings completion of 130 miles of fast new road by 1982 seems certain.

For road freight it will mean a 20 per cent. cut in journey time between the industrial heartlands of the Highlands and Central Scotland. In passing tribute should be paid to one of the sternest moments of Government determination. Early in 1976 it rejected all tenders for the Kessock Bridge at Inverness when the lowest came in at £30m., with a major contractor in each tender, a consortium including Repatit Dorman Long and Cleveland Bridge.

The transient prosperity brought by oil developments has, however, funded permanent development in communications which may be the lasting benefit of oil. For once in the Highlands, there is widespread praise of Government determination to take a longer view.

In 1973, after lengthy study, the Government decided to rebuild the road from Perth to Inverness and on to the north shore of the Cromarty Firth. It is not a road improvement project. For nearly all of its length, the new road will pass nowhere near the present, narrow, tortuous macadam ribbon and Pitlochry bypasses wide enough for two lorries and a cyclist. The perennial bottlenecks at Pitlochry, Blair Atholl, Dalwhinnie, Newtonmore, Kingussie, Aviemore, Carrbridge and Inverness will be bypassed on a 70 mph highway which will be dual carriage-way wherever gradient and curve limitations of the mountainous terrain fall to meet the highest standards.

At Inverness a high-level, navigable bridge will sweep the new route across the narrows of the Bandy Firth, saving some 15 miles on the journey to the Cromarty Firth which is still the focus of major industrial growth in the region. A long, low-level bridge is being improved including across the Cromarty Firth, to meet planned bypasses between Perth and Inverness of Alness, Invergordon and Tain, where much of the track was to the Dornoch Firth, made single line in the Beeching era. British Rail is doubling Perry to Dornoch with further 20 miles of the route, already making savings to and from running at maximum capacity. Sutherland and Caithness is adding up to eight trains each day in each direction. At the moment, any breakdown—and

the road has been there are plenty thanks to

The Cromarty Firth Port Authority

as the statutory agency responsible for marine development in the Cromarty Firth, is actively associated with the Highlands and Islands Development Board and the Highland Regional Council in promoting the Cromarty Firth as a prime area capable of accommodating major marine related development.

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For further information contact Captain A.S. Black, Port Manager

Cromarty Firth Port Authority

P.O. Box 100, Cromarty, IV11 8AS, Tel: 0648 820000, Telex: 820000

Stuart Linds

THE HIGHLAND REGION III

The capital learns to cope

BY accident than design happened to be Inverness, so counties were given the first call to leave the "Butcher of local capital it became some another small-scale drift from form yards are not far away steamer Cromarty's links with the hinterland into Inverness and within commuting distance, the sea, except for pleasure id more to confirm the . It was also logical that the and its environs. Many council of Inverness is the many Government agencies set up to make almost oil refinery at Nigg, scheduled of the Highlands that up to settle the Highland problem, his predecessors when them should make their base at Inverness which is making so much demand on their time that the Beauly Firth at Inverness has to be ready in 1981, will be only weekly attendance at meetings to be completed in the same year.

As the years have passed, the army of occupation led to a rather odd intermingling of the population that are still quite a few May, and the Highland Regional Council, which has prided itself on being non-political, may have to surrender its independence.

It has always been a native-born Highlanders who Council, which has prided itself on being non-political, may have to surrender its independence.

During World War II was no significant military when the city became a major checkpoint for wishing to enter a new area.

The catastrophe of the High-landances had little effect. Indeed they contributed to the growth and permanence of Inverness. The less adventurous instead of facing the quarters of Inverness District's journey across the Council, the largest district who may have to spend the night within its boundaries.

Former local authority staffs of any size, which throughout thecrofting have so far virtually bypassed it was a naval base in the last

Inverness but the two most two world wars and a one-time port of call for coastal trade form yards are not far away steamer Cromarty's links with the sea, except for pleasure craft, have virtually disappeared. Its population, once well over 1,000, has fallen to only 400 within the last ten years. A World War I plan to provide it with a rail link had got as far as building the first few miles of the embankment when the armistice was signed and the scheme dropped, never to be resurrected because the Black Isle Railway of which it would have been part was axed by Dr Beeching.

All this gives the impression of a busy bustling capital, but in many ways it is a misleading one. There is no major industry apart from tourism which is seasonal). Although schools and hospitals, Inverness lacks the facilities for advanced education such as a university or college of technology or a teaching hospital. But now at last it has a theatre of which those problems against which those of Inverness pale into insignificance—lies Cromarty, a once flourishing fishing port and farming centre which has lost much of its population to Inverness or further afield. Although Offshore oil developments it was a naval base in the last

Applecross north peninsula a greenfield area and many likelihood of any alteration in the powers of the Highland Board regarding the acquisition of land compulsorily. One of the difficulties, he explained, was the minority position of the present Government. Even if these powers are extended, modern farming is not a major employer of labour.

Some of the croftlands of the

Western Highlands yield too poor a return for the work involved when compared with what can be earned on some of the construction contracts being undertaken locally. To many, crofting is a part-time occupation. Few crofters exist on a return from the land alone.

The decision of Rio Tinto not to proceed further with mineral exploration in certain areas of the Highlands was a surprise to Highland Regional Councillors.

Rio Tinto has kept options open, however, but for the present the hope of finding rich mineral deposits in different parts of the Highlands seems to have been dashed. On the Island of Raasay there are known deposits of iron ore and although these deposits were worked during World War I, the quality of the metal and the cost of extracting it has effectively put an end to development for the time being. It is understood that there are other mineral deposits on Raasay and this is one of the rights that the owner, Dr. John R. Green, has retained.

The new Regional Council which takes over in May is going to face a difficult four years. Decisions will have to be taken which could affect the dispersal and stability of the Highland population almost south.

The Highland Regional Council and Inverness District Council are on opposite sides of the fence. The north shores of the Firth with its southern exposure to the sun is a most desirable housing area. If it comes within just over three quarters of a mile radius of Inverness there is bound to be migration not only from within Inverness but possibly from those remote parts already feeling the ill effects of depopulation, and which better communications are designed to serve.

One of the remarkable things about better communications is that where they have been perhaps too long in coming, the need to keep the population of the rural areas where they appear to make use of them is there, and such measures do not yet exist.

Centralisation of education is already this possible. The main medical services are soon to be concentrated on a new hospital serving the region from Inverness. Some very attractive inducements are going to be offered to attract people to the coast.

There is the danger, however, that with inflation, boosted prices, they can be outpriced by the package tour operators. And the stronger pound may tend to discourage foreign visitors.

By a Correspondent

Fitting the HIDB into place

eady days of 1965 the What that meant in socio-political, cultural and historical development Board was never clearly spelt out, though Professor Grievs' promises of "unprecedented revolutionary plans" or even "pure democracy" have long been in their pens aside in fact. It is doubtful if Sir James' first chairman, Sir Lewis, would claim that he achieved the "world wide" which he foresaw

tainly the comments of politicians who wrote of "unprecedented revolutionary plans" or even "pure democracy" have long been in their pens aside in fact. It is doubtful if Sir James' first chairman, Sir Lewis, would claim that he achieved the "world wide" which he foresaw

not to argue, of the Board has been effective. Even at the start, in the local economy over 12 years, that in reckoned to have corresponding £57m. But the Board has spent much investment with a more of its resources on tourism than it has on manufacturing, which, given its early emphasis on the latter, which us who gave it birth, creates more jobs for an equal number of the Highlands. Investment suggests that it has to be the object of finding its powers of enticing investors, saw the Board open competition with other parts of Britain. A sprinkling of a special function of advance factories and crafts was to revive defunct industries geared to communities and ensure tourism do now exist in the stammer no longer remote areas but they hardly Scottish Secretary match up to the early promise. s' phrase "the Depopulation, however, has to still protest. Scotland's conscience" stopped—for the first time since In the early 1970s Sir Andrew

mid-19th Century. In fact, Gilchrist, who had taken over since 1966 the Highland population has risen by over 20,000 to man and had a more mundane concept of the Board as a merchant bank with social purpose. Cynics saw this as no more than a timely exercise in survival since, on Sir Andrew's own admission, the advent of the oil

million had largely robbed it of its role on the east coast. Under the present chairman, Professor Kenneth Alexander, the westward probing has continued. The spearhead of the attack is the attempt to get multi-purpose community co-operatives, triggered by local initiative, to take root in the Western Isles, and already the response seems positive.

Meanwhile the Board has also reaffirmed its interest in oil-related industries and is leading the bid to establish a petrochemical complex on the shores of the Cromarty Firth. That, together with potential nuclear development at Dounreay and a major fish-processing complex at Breasclete in Lewis, is its main industrial commitment at the moment.

There have been internal organisational changes and area sub-offices have been established in a bid to get nearer the people and bring a more flexible approach to regional development. The classical "growth-point" theory has been softened to allow it to snuggle more closely to the rugged and far-from-homogeneous features of the Board's territory.

The place in the pantheon once occupied by "manufacturing" has now been taken over by "land-use." "A sound approach to land-use can contribute more to the economic health of the Highlands than any other single policy," Professor Alexander maintains.

Compulsory

That sound approach requires the Board to have much greater powers of compulsory purchase for use in cases where landowners refuse to work their land in the best interests of the local community. The case is now being argued through the Scottish Office, and it remains to be seen whether the Government will accede to it.

The brave euphoria of 12 years ago has now evaporated: the age-old problems of the Highlands are no longer seen as amenable to full-frontal assault. But at least the dialogue between the Board and its area has gone some way to defining the aspirations of both, even if only, in some cases, in a negative way.

It may be that this subtler, gentler approach, wrought of experience may still lead to Sir Robert Grievs' goal of achieving "world significance" for the Board. Certainly as an organisation it now enjoys more acceptance among its parishioners than it ever did before.

When a recent Commons select committee had some waspish comments to make about certain aspects of its performance a local paper could run a community reaction story under the banner "Hands off our Board!" Only five years ago that would have been unthinkable.

Martin Macdonald

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Dow index close to three-year low

BY OUR WALL STREET CORRESPONDENT

WITH INVESTORS warily watching developments in the U.S. coal strike, Wall Street suffered a further setback today, leaving the Dow Jones Industrial Average at its lowest closing level for almost three years.

After falling sharply to 735.32 lower at 781.89, the worst level since April 8, 1973, when it finished the day at 749.22, the NYSE All Common Index was finally 13 cents weaker at 843.34 after touching 849.28, while declines outnumbered rises by 834 to 478. Trading volume decreased slightly to 20.7m. shares from yesterday's figure of 20.4m.

The market fell over a broad range in early trading after the coal operators rejected President Jimmy Carter's call to resume joint contract negotiations with

the Coal Miners Union at the White House, but picked up later when the coal operators reversed their decision and agreed to

R. L. Burns shed 3 to 811— the company expects a substantial loss in the second quarter because of the coal strike, but Fuster-Wheeler, considering a stock split, jumped 12 to 828.

THE AMERICAN SE Market Value Index retreated 0.21 further to 123.46 on volume of 2.4m. shares to Frs. 1,400.

Offshore Co. jumped 12 to 823— Southern Natural Resources down at 821 has proposed a statutory take-over of the 9 per cent of Offshore stock not already owned.

WEDNESDAY'S ACTIVE STOCKS

Stock	Closing, on Wed., Feb. 14	Prev. day	High	Low	Chg.
Marsell-Torson	146.00	145.00	146.00	145.00	+1.00
Howard Johnson	110.00	111.00	110.00	111.00	-1.00
Southw.	152.00	153.00	152.00	153.00	-1.00
Amer. Tr. & T.	100.00	101.00	100.00	101.00	-1.00
Dow Chemical	129.00	128.00	129.00	128.00	-1.00
Arthur Daniels Mid.	114.00	115.00	114.00	115.00	-1.00
Merck-Parmalee	125.00	124.00	125.00	124.00	-1.00
May & Baker	124.00	125.00	124.00	125.00	-1.00
Ramsey Insns	110.00	111.00	110.00	111.00	-1.00

the Coal Miners Union at the White House, but picked up later when the coal operators reversed their decision and agreed to

Massey-Ferguson dropped 821 to

Indices

NEW YORK—DOW JONES

ARMING AND RAW MATERIALS

K. stand
fisheries
fended
Rippon

M. Rawstorne

TRASBOURG, Feb. 15.—
O'BREY RIPON, leader
of a conservative group in the
U.K. Parliament told the
House yesterday that the
"issue was a test of the
U.K.'s attitude towards Britain's
fisheries."
Rippon, who negotiated
a treaty in the EEC, said
that Britain had clearly accepted
as a vital condition for
Britain at that time.
Gundelach, the EEC
bilateral responsible for
fisheries, responded that
Britain wanted
the U.K. to join in. However,
on Friday night Peru made
it clear that it was not prepared
to reduce output at this stage.
As a result, Peru was not
represented at this week's London
talks and evidently Zambia and
Zaire feel they cannot go it alone.
It is generally recognised by
both producers and consumers that
production cuts are the best
way of reducing the heavy market.
The leading copper-exporting
countries, though, are reluctant to
create the unemployment that
Copper producers fail to
agree on output cuts

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER EXPORTING countries
have failed to reach agreement
on a plan to reduce production
by 15 per cent.
Talks on the proposed cuts
held in London this week between Zambia and Zaire have
understood to have ended without
agreement being reached.
A fresh effort will be made
in two weeks, while Chile and
Peru, the two other leading
members of Cipeco (the Council
for Copper Exporting Countries) will be invited to participate.
Last week Zambia sources
were confident that such would
be agreed in line with the decision
reached at the recent Cipeco
meeting in Jakarta, despite the
refusal of Chile to join in. However,
on Friday night Peru made
it clear that it was not prepared
to reduce output at this stage.
As a result, Peru was not
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talks and evidently Zambia and
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It is generally recognised by
both producers and consumers that
production cuts are the best
way of reducing the heavy market.
The leading copper-exporting
countries, though, are reluctant to
create the unemployment that
would follow a big production
cut and are also anxious not
to leave the door open to rival
suppliers.

The situation is further complica-

ted by the fact that Chile and Peru are in the middle of expansion programmes, while
output in Zambia and Zaire has been forced down because of
production and transport prob-

lems.

News that the talks had failed to
produce a decision had only a temporary impact on the Lon-

don Metal Exchange copper market yesterday afternoon.

Some of the impact was lessened by fears that the con-

tinuing coal miners' strike in the U.S. would affect copper production there if energy supplies were reduced. On the other hand, a general setback in U.S. industrial activity would depress demand for copper.

Cash wirebars closed £4.75

at £635.75 a tonne in an active market uncertain on which way to move, especially in view of early weakness in the value of sterling.

The weakness of the pound had also helped boost tin values, re-

covering most of Tuesday's losses.

Standard grade cash tin gained £107.50 a tonne, widen-

ing its premium again over the first.

CHICAGO, Feb. 15.—

IN AN effort to accelerate lagging shipments of American grain to the Soviet Union, the Russian Government is sending senior grain and shipping officials to the U.S. to meet major grain exporters.

Mr. Victor Bershin, president of the Soviet grain buying agency V/O Exportgrain, and Mr. Vladimir Konstantinov, vice-president of the shipping agency V/O Sovfrabt, are scheduled to arrive in the U.S. on February 26 and stay about 10 days.

The private meetings will focus on shipping delays running Gulf Soviet officials will urge exporters to accelerate shipments.

Although the delays have an impact on all foreign buyers, Soviet officials are increasingly concerned about the slow rate at which their grain purchases, about 10m. tonnes, are being loaded at American ports.

Exporters still say there is little that can be done to accelerate shipments.

The winter storm that dumped up to two feet of snow across the U.S. plains and mid-West has

caused significant shipping difficulties, particularly in the central states where

there is a backlog of grain ready to be shipped.

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APPEAL TO CARTER ON ARAB WEAPONS DEAL

Israel wants fighter sale plan dropped

BY DAVID LENNON

ISRAEL TO-DAY called on the U.S. to reconsider its decision to sell combat aircraft to Egypt and Saudi Arabia. It also asked Washington to increase the number of aircraft it plans to sell to Israel.

Mr. Menahem Begin, the Prime Minister, will go to Washington next month to press Israel's case. In a statement to the Knesset (Parliament) he appealed to President Jimmy Carter to "reconsider his decision to supply offensive weapons to Egypt and the most sophisticated aircraft to Saudi Arabia." The latter decision, he said, would turn that country into a frontline confrontation State.

Opposition leaders said to-day that the aircraft sales to the Arabs reflected a nadir in Israel's relations with the U.S., which they blamed on the behaviour of

the Government during the present peace negotiations.

Mr. Begin rejected this criticism, noting that there had been a number of instances over the years when Israel and the U.S. had disagreed. This, he said, had not affected the underlying strength of the relationship between the two countries.

Israel originally sought 250 F-16 interceptors and 50 of the larger F-15. Mr. Begin reduced the request to 80 F-16s and 25 F-15s, following a discouraging response from Washington.

The Carter Administration's decision to pare these numbers further, to 75 F-16s and 15 F-15s, is seen as part of the growing American pressure on Israel to be more flexible in the peace negotiations.

Israel's disappointment about the cut in its arms request is

TEL AVIV, Feb. 15.

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MONEY supply targets should be fixed and regarded by the markets as one part of a wider overall economic strategy, rather than on their own, Sir Douglas Woss, Permanent Secretary to the Treasury, said yesterday.

The increased importance of financial influences and monetary policy formed a major theme of a wide-ranging lecture on the changing problems of economic management delivered in Cambridge to the Johnian Society, for members of St. John's College.

In one of his rare public appearances, Sir Douglas added that the whole business of managing the economy had become more difficult than it appeared 10 years ago. He reviewed some of the main constraints—*e.g.* example, less freedom of manoeuvre on exchange rates—and instruments of policy.

The section on monetary policy was similar in substance to that delivered in a speech a week ago by Mr. Gordon Richardson, Governor of the Bank of England. But the emphasis, in Sir Douglas's lecture was somewhat different and he stressed the uncertainties about the links between monetary factors and economic activity and prices.

Sir Douglas said that to pursue a determined and pre-determined de-escalation of the rate of monetary expansion without regard to the effect of fiscal and other aspects of policy would be to risk imposing serious costs upon the economy.

If, for instance, the monetary target was not consistent with the fiscal stance, the consequences could be intolerably high interest rates, with all that this would imply for investment.

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